

ILLINOIS FINANCE AUTHORITY

October 13, 2016

9:30 a.m.

REGULAR MEETING

Michael A. Bilandic Building

160 North LaSalle Street

Suite S-1000

Chicago, Illinois 60601

- I. Call to Order & Roll Call
- II. Approval of Agenda
- III. Chairman's Remarks
- IV. Message from the Executive Director
- V. Consideration of the Minutes
- VI. Presentation and Consideration of Financial Reports
- VII. Monthly Procurement Report
- VIII. Committee Reports
- IX. Presentation and Consideration of the Project Reports and Resolutions
- X. Other Business
- XI. Public Comment
- XII. Adjournment

PROJECT REPORTS AND RESOLUTIONS

AGRICULTURE PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
Beginning Farmer Bonds <i>Final (One-Time Consideration)</i>						
1	A) Jake Kolten Brian and Devin Brooke Brian	Claremont Township (Richland County)	\$242,250	-	-	PE/LK
	B) Eric J. Meister and Sara K. Meister	Mona Township (Ford County)	\$161,500	-	-	PE/LK
TOTAL AGRICULTURE PROJECTS			\$403,750	-	-	

EDUCATIONAL, CULTURAL AND NON-HEALTHCARE 501(c)(3) PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
501(c)(3) Revenue Bonds <i>Final (One-Time Consideration)</i>						
2	The Museum of Contemporary Art	Chicago (Cook County)	\$30,000,000	N/A	N/A	RF/BF
TOTAL EDUCATIONAL, CULTURAL, AND NON-HEALTHCARE 501(c)(3) PROJECTS			\$30,000,000	N/A	N/A	

HEALTHCARE PROJECTS

Tab	Project Name	Location	Amount	New Jobs	Const. Jobs	Staff
501(c)(3) Revenue Bonds <i>Final</i>						
3	The Carle Foundation	Champaign and Urbana (Champaign County)	\$300,000,000	-	1,700	PL
4	Swedish Covenant Hospital	Chicago (Cook County)	\$120,000,000	22	30	PL
5	Edward-Elmhurst Healthcare (d/b/a Edward-Elmhurst Health)	Elmhurst and Naperville (DuPage County)	\$350,000,000	N/A	N/A	PL
TOTAL HEALTHCARE PROJECTS			\$770,000,000	22	1,730	
GRAND TOTAL			\$800,403,750	22	1,730	

PROJECT REPORTS AND RESOLUTIONS

RESOLUTIONS

Tab	Action	Staff
Resolutions		
6	Resolution Authorizing the Execution and Delivery of an Amended Intergovernmental Agreement with Certain State Agencies to Implement an Energy Efficiency Program including Capital Improvements on DHS Facilities to Ameliorate Potential Health and Life Safety Issues; and Other Matters Related Thereto	CM/EW

Date: October 13, 2016

To: R. Robert Funderburg, Jr., Chairman
Eric Anderberg
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Robert Horne
Mayor Arlene A. Juracek
Lerry Knox

Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
John Yonover
Bradley A. Zeller

From: Christopher B. Meister, Executive Director

Subject: *Message from the Executive Director*

Dear Member of the Authority:

A Sweet September for the Authority

September 2016 was a banner month for the Authority, not only for positive statewide impact made across the diversity of the Authority's sectors in healthcare, education, senior living, government and agriculture, but also for revenue. The Authority closed two downstate healthcare transactions, one Chicago university transaction, one suburban Chicago senior living facility transaction, six beginning farmer bonds, two agricultural guarantees, and the largest new money Clean Water Initiative/State Water Revolving Fund transaction in the history of Illinois Environmental Protection Agency ("IEPA") and the Authority. Closing fee revenue was just over 2.5 times budget.

Such a sweet September would not have been possible but for the professional, effective, committed and collegial team of the Authority. I would like to highlight certain Authority staff, not only their contributions to our state but also, for some, promotions and expanded responsibilities.

Since joining the Authority in 2007, I have been privileged to call **Rich Frampton** and **Pam Lenane** my colleagues. Both Rich and Pam have public finance professional experience dating to the Authority's predecessors, the Illinois Development Finance Authority ("IDFA") for Rich, and the Illinois Health Facilities Authority and the Illinois Housing Development Authority (still a sister agency) for Pam. Both are nationally recognized experts in their respective fields. Rich is a longtime board member of the Council of Development Finance Agencies ("CDFA") and often teaches professional education courses in his field. Pam is the former President of, and a former longtime board member of the National Association of Health Education Facilities Finance Authorities ("NAHEFFA"). Both continually contribute well beyond their roles as borrower relationship leads and revenue producers; specifically, Rich chairs the Authority's staff credit review committee and shepherds the monthly board book production, and Pam contributed with an extended tenure as Acting General Counsel. Both Pam and Rich are committed to the development and implementation of new Authority programs and solutions as well as to managing and winding up legacy programs. So it is with great pleasure that I announce that Pam Lenane and Rich Frampton are promoted to **Executive Vice President** (from Vice President).

The Authority's Controller, **Ximena "Six" Granda**, has served the Authority since 2004, the year of the Authority's amalgamation from seven predecessor agencies. I am very pleased to announce Six's expanded duties with respect to the development and presentation of the Authority's monthly financial statements and management of the resource-intensive audit process, in addition to her existing active management of human resources, treasury functions and compliance functions. Six is deeply committed to the success of the Authority and I am very grateful to her for her willingness to shoulder these additional tasks.

I am also pleased to announce that **Denise Burn**, the recently hired Deputy General Counsel, has, in addition to her legal duties, agreed to take on one of the Authority's most challenging responsibilities as **Agency Procurement Officer**. The Authority is fortunate to have access to Denise's legal skills and work ethic, honed through decades of highly competitive large-firm private practice. During her relatively brief tenure with the Authority, Denise has established herself as an effective problem solver. Elizabeth Weber, our General Counsel, and I sincerely hope that Denise's work as Agency Procurement Officer will be a short-term assignment as we explore potential expansion in this key function.

I also want to highlight the important contributions of two other key members of the Authority team.

Brad Fletcher joined the Authority in 2010 and became an indispensable member of the team. Brad was promoted to Assistant Vice President in 2015 due to his hard work and contributions in the areas of education, non-profit, government and industrial conduit finance. In his additional role as Assistant Board Secretary, Brad continues to improve the clarity, consistency and completeness of the Authority's operational functions and records.

Rob Litchfield is the Authority's IT Manager. Rob came to the Authority in 2004 from IDFA, our predecessor. Rob also has a broad scope of duties beyond his title. Not only does he keep the IT network and digital functions of the Authority functioning in an effective and safe manner, he also fulfills the *de facto* functions of digital archivist, librarian and data retrieval. In particular, Rob has our gratitude for his strong recommendation to maintain the Authority's server capacity within the Authority's current offices at 160 North LaSalle, Chicago, thus avoiding an interruption in operations in the fall of 2015 due a flood in our building's basement.

Finally, I thank all of the Authority staff for their contributions to the success of the Authority's mission: **Elizabeth Weber**, General Counsel and Ethics Officer, **Mari Money**, Assistant Board Secretary, **Patrick Evans**, Agricultural Banker/Rural Development Analyst, **Frankie Patterson**, Accountant, **Tiffany McCoy**, Accountant, **Lorrie Karcher**, Agricultural Program Coordinator, and **Tammy Harter**, analyst and legislative affairs.

Illinois Clean Water Initiative/IEPA State Revolving Fund ("SRF")

In follow-up to my September 2016 message, the Authority and the EPA successfully closed our \$500 million, new money, AAA-rated (Fitch; S&P) transaction on September 12, 2016. The transaction will bring benefits beyond the \$500 million par amount. The transaction netted an additional \$87 million in bond proceeds above the par amount due to the sale of premium bonds. Additionally, proceeds of the 2016 bond issue contributed the required State match to access federal grants; collectively, the bond proceeds, federal grants and program loan repayments will contribute to a combined \$1.45 billion in funds available to be loaned to Illinois local governments.. IEPA estimates that the funds initially will cover loan commitments of \$820.6 million for clean water (waste water) projects and loan commitments



of \$628.48 million for drinking water projects. The majority of the work on this transaction was compressed between the July 14 Authority meeting and September 12 bond closing.

From the Authority staff, Elizabeth Weber, Denise Burn, Six Granda, Rich Frampton, and Brad Fletcher all deserve special recognition for their collective contributions to the procurement, financial structuring and closing, and ongoing compliance that the Authority's service to its client, IEPA, require in connection with the Clean Water Initiative/SRF.

We believe that the Authority reached best execution on September 12, 2016 with the closing of the 2016 Illinois Clean Water Initiative/SRF bonds. On behalf of the Authority, we thank the entire team of professionals for their collegial and effective efforts: lead bookrunner and senior manager **BofA Merrill Lynch**; senior co-manager **Citigroup**; co-managers **Jefferies**, **Loop Capital Markets**, **Piper Jaffray**, **Ramirez & Co., Inc.**, and **Siebert Cisneros Shank & Co., LLC**; Authority financial advisors **Acacia Financial** and **Sycamore Advisors**; bond counsel **Katten Muchin Rosenman LLP**; Authority counsel **Schiff Hardin LLP**; underwriters co-counsel, **Chapman & Cutler LLP** and **Pugh, Jones & Johnson PC**; and trustee/receiving agent **Amalgamated Bank**. I will be providing the transaction participants with an appropriate (and modest) demonstration of the Authority's gratitude for their collective efforts for this successful transaction.

Public Private Partnerships

As a self-funded organization, the Authority must always be looking for appropriate and diverse public missions and revenues. In connection with this effort, the Authority is proud to build on its existing partnership with the State's premier public policy organization, the Metropolitan Planning Council ("MPC") in the area of public-private partnership ("P3") policy development. MPC will be lending **Danielle Gallet** to work with the Authority on its efforts to develop as a P3 center of capacity and competence.

NAHEFFA and CDFA: National Tax Policy

The Authority hosted NAHEFFA's Fall conference in Chicago for approximately 30 state-based conduit bond issuing agencies. Regardless of the outcome of the November elections, NAHEFFA believes that tax-exempt bonds, including conduit finance, will be challenged in the next session of Congress. It is important for the Authority to cooperate with its partners in NAHEFFA and CDFA to preserve (and hopefully expand) conduit bond issuance as a key job creation and retention national policy. To that end, the Authority congratulates CDFA for its work to have the Modernizing American Manufacturing Bonds Act ("MAMBA"; Brown-OH; Perdue-GA) introduced in the U.S. Senate on October 6, 2016. The Authority worked closely with CDFA and Congressman Randy Hultgren to introduce MAMBA in the U.S. House.

The Authority receives a great return on its investment in supporting both CDFA and NAHEFFA with financial contributions and staff time.



As always, I look forward to continuing to work with you in support of jobs and financing capital expansion projects throughout our state.

Respectfully,

Christopher B. Meister
Executive Director

Enclosures: A1: Informational Memo – CAFR
 A2: Informational Memo – Investment Policy
 A3: Informational Memo – IMDC

To: Members of the Authority

From: Chris Meister, Authority Executive Director

Date: October 13, 2016

Re: **Informational Memo A.1: Status of the Fiscal Year 2016 Comprehensive Annual Financial Report (“CAFR”)/Fiscal Year 2016 Financial Audit**

Pursuant to the Illinois Constitution and Illinois Statute, the Office of the Illinois Auditor General (“OAG”), a State Constitutional Office, through its Special Assistant Auditors, conduct annual both the annual financial audit and the biennial compliance audit of the Authority. As noted previously, the Fiscal Year 2016 OAG financial audit is underway through the OAG’s special assistant auditors, RSM and E.C. Ortiz. The OAG’s audit of public funds (such as those locally-held by the Authority or held by the State Treasurer on behalf of the Authority) is mandatory. Art. VIII, Section 3, Illinois Constitution, 1970. Both the Authority’s financial audits and its compliance audits are available on the OAG website: www.auditor.illinois.gov or upon request.

In connection with the Authority’s reporting requirements with respect to its publicly offered conduit bonds, the Authority posts either (i) its OAG audited financials, or (ii) its CAFR on the Municipal Securities Rulemaking Board’s (“MSRB”) Electronic Municipal Market Access (“EMMA”) website: www.emma.msrb.org.

The Government Finance Officers Association (“GFOA”) recommends (but does not mandate) that all state and local governments prepare and public a CAFR. In Fiscal Year 2014 and in Fiscal Year 2015, the Authority prepared a CAFR in connection with the OAG audit process. The Authority’s CAFRs for Fiscal Year 2014 and for Fiscal Year 2015 were posted on www.emma.msrb.org and these CAFRs are available on the Authority’s website: www.il-fa.com or upon request. The Authority received the GFOA “Certificate of Achievement for Excellence in Financial Reporting” for its CAFRs for Fiscal Year 2014 and for Fiscal Year 2015.

While the CAFR is desired, it is not required like the OAG Financial Audit. The CAFR process is also a resource intensive process. Following consultation with the Authority Chair and the Chair of the Authority’s Audit Plus Committee, an internal review of Authority resource allocation and a review of the status of the Authority’s Fiscal Year 2016 OAG audit process, I concluded that for Fiscal Year 2016, the transparency and accountability goals of the CAFR can be met equally well (and at materially less internal resource cost to the Authority) through the posting on EMMA of the Authority’s anticipated Fiscal Year 2016 OAG Financial Audit. It also should be noted that the Authority posts, on a monthly basis, its public board materials, including its monthly unaudited and preliminary financial statements, on its website: www.il-fa.com. Finally, the State of Illinois publishes its own CAFR of which Authority activities are included. Accordingly, the Authority will not be preparing a CAFR for Fiscal Year 2016.

To: Members of the Authority

From: Chris Meister, Authority Executive Director

Date: October 13, 2016

Re: **Informational Memo A.2: Authority Investment Policy Change: (i) Authority Locally-Held General Funds; (ii) Clean Water Initiative Bond Proceeds**

The Authority's Investment Policy was last changed by an act of the Executive Director on June 27, 2012 (the "2012 Policy").

On November 1, 2013, the Authority and the Illinois Environmental Protection Agency ("IEPA") entered into a Memorandum of Agreement concerning the Clean Water Initiative ("CWI"), including but not limited to the issuance of bonds, ongoing compliance related to bonds and the investment of bond proceeds and program funds. The Memorandum of Agreement was amended on June 30, 2014 and September 1, 2016 (collectively, the "MOA")

On December 5, 2013, the Authority issued \$141,700,000 of Clean Water Initiative Revolving Fund Revenue Bonds, Series 2013 (the "Series 2013 Bonds").

In January 2014, Authority began investing both its locally-held general funds and the proceeds of the Series 2013 Bonds with two investment managers, one of which, ClearArc Capital, Inc. ("ClearArc"), remains under contract with the Authority. While ClearArc met the Authority's expectations with respect to the Authority's general funds, withdrawal by the second investment manager from the Authority's engagement resulted in the Authority returning bond proceeds and program funds to IEPA without opportunity for investment.

On September 12, 2016, the Authority issued \$500,000,000 of Clean Water Initiative Revolving Fund Revenue Bonds, Series 2016 (the "Series 2016 Bonds"). In connection with the issuance of the Series 2016 Bonds and the MOA, IEPA affirmed its request that the Authority invest bond proceeds on its behalf.

In connection with IEPA's request and in accordance with its own desire to preserve principal while increasing return, the Authority engaged in an internal review of the 2012 Policy with the input of ClearArc. The results of this review are attached in a clean document and a redline of the changes (the "2016 Policy").

Following consultation with the Chair and the Chair of the Audit Plus Committee, the Authority will implement the 2016 Policy and return to both the Audit Plus Committee and the full Authority Board in January 2017 with the performance results of efforts under the 2016 Policy.

POLICY AND PROCEDURE NUMBER: 30.10.001

SUBJECT: Investment Policy

I. Governing Authority

Legality

The investment program shall be operated in conformance with federal, state, and other legal requirements, including § 30 ILCS 235/0.01 *et seq.* (“Public Fund Investment Act”), § 20 ILCS 3501/801-1 *et seq.* (“Illinois Finance Authority Act”), and bond documents as applicable.

II. Scope

This policy applies to the investment of all funds, excluding the investment of employees’ retirement funds, funds committed to credit enhancement and funds held by bond trustees that are governed by the provisions of bond agreements. The investment of these funds is governed by the bond agreements and applicable authorizing statutes.

Pooling of Funds

Except for cash in certain restricted and special funds, the IFA will consolidate cash and reserve balances from all funds to the extent permitted by law to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles monthly.

III. General Objectives

1. Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to preserve the investment principal by minimizing credit and interest rate risk, provide liquidity for working capital needs and grow unencumbered portfolio balances through prudent management.

Credit Risk

The IFA will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in Section VII [Suitable and Authorized Investments] of this Investment Policy.

- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the IFA will do business in accordance with the Illinois Procurement Code §30 ILCS 500.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Interest Rate Risk

The IFA will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy [see section VIII – Investment Parameters].

2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands [static liquidity]. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets [dynamic liquidity]. Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

3. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration of the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

4. Local Considerations

Where possible, funds may be invested for the betterment of the local economy or that of local entities within the State. The IFA may accept a proposal from an eligible institution which provides for a reduced rate of interest provided that such institution documents the use of deposited funds for community development projects.

IV. Standards of Care

1. Prudence

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The Investment Officer (hereinafter defined) acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The “prudent person” standard states that,

“Investments shall be made with judgment, and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

2. Ethics and Conflicts of Interest

Officers, Employees and External Investment Managers involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial /investment positions that could be related to the performance of the investment portfolio.

Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the IFA.

3. Delegation of Authority

Authority to manage the investment program is granted to the Treasurer, or in the absence of a Treasurer, is granted to the Executive Director, each hereinafter referred to as Investment Officer and derived from the following § 20 ILCS 3501 Section 845-40.

Responsibility for the operation of the investment program is hereby designated to the Investment Officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Officers will prepare monthly investment reports and other special reports as may be deemed necessary. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer.

The IFA may seek to establish an investment committee to provide guidance to investments officers.

The IFA may engage the services of one or more external investment managers to assist in the management of the entity's investment portfolio in a manner consistent with the Authority's objectives. Such external manager may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisors Act of 1940.

V. Authorized Financial Institutions, Depositories, and Broker/Dealers

1. Authorized Financial Institutions, Depositories, and Broker/Dealers

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers and investment management firms selected by conducting a process of due diligence. These may include "primary" dealers or regional dealers that qualify under the Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

- The Investment Officer shall determine which financial institutions are authorized to provide investment services to the Authority. Institutions eligible to transact investment business with the Authority include:
 - a. Primary government dealers as designated by the Federal Reserve Bank;
 - b. National or state-chartered banks;
 - c. The Federal Reserve Bank; and
 - d. Direct issuers of securities eligible for purchase.
- Selection of financial institutions and broker/dealers authorized to engage in transactions with the Authority shall be at the sole discretion of the Authority.
- All broker/dealers who desire to become qualified for investment transactions must supply the following (as appropriate):
 - Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
 - Proof of FINRA certification

- Proof of state registration.
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with the Authority's investment policy.
- All financial institutions who desire to become depositories must supply the following (as appropriate):
 - Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
 - Proof of state registration
 - Evidence of adequate insurance coverage.
 - A periodic review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Investment Officer.

2. Minority, Emerging and Community Financial Institutions

From time to time, the Investment Officer may choose to invest in instruments offered by minority, emerging and community financial institutions. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with state and local law.

3. Competitive Transactions

- The Investment Officer shall obtain competitive bid information on all purchases of investment instruments purchased on the secondary market. A competitive bid can be executed through a bidding process involving at least three separate broker/financial institutions or through the use of a nationally recognized trading platform.
- If the Authority is offered a security for which there is no readily available competitive offering on the same specific issue, then the Investment Officer shall document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.
- If the Authority hires an investment adviser to provide investment management services, the adviser must provide documentation of competitive pricing execution on each transaction. The investment adviser will retain documentation and provide upon request.

VI. Safekeeping and Custody

1. Delivery vs. Payment

All trades or marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to release of funds.

2. Third-Party Safekeeping

Securities will be held by an independent third-party custodian selected by the entity as evidenced by safekeeping receipts in the IFA's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls – Service Organization Control Reports (formerly 70 or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011).

3. Internal Controls

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the IFA are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in an investment procedures manual that shall be reviewed and updated periodically by the Investment Officer.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

The internal controls structure shall address the following points at a minimum:

- Control of collusion.
- Separation of transaction authority from accounting and recordkeeping.
- Custodial safekeeping.
- Avoidance of physical delivery securities.
- Clear delegation of authority to subordinate staff members.
- Written confirmation of transactions for investments and wire transfers.
- Dual authorizations of wire transfers.
- Staff training and
- Review, maintenance and monitoring of security procedures both manual and automated.

Accordingly, the Investment Officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures and to prevent losses of funds arising from failure to comply with provisions of the Public Funds Investment Act § 30 ILCS 235, fraud, employee error, misrepresentation by third parties

or imprudent actions by employees or officers of the firm or alternatively, compliance should be assured through the IFA's annual independent audit by the Office of the Inspector General.

VII. Suitable and Authorized Investments

1. Investment Types

Consistent with Government Finance Officers Association ("GFOA") Policy Statement on State and Local Laws Concerning Investment Practices, the Investment Officer or designee may invest in any type of security allowed by Illinois Law. See 30 ILCS 235/2 for a listing of permissible investments.

- If § 30 ILCS 235 Public Funds Investment Act is amended and one or more investments are no longer permissible, the investment will be removed from the list of Permissible Investments. Under this circumstance, any newly ineligible investments will be allowed to mature or can be sold immediately at the Investment Officer's discretion.
- If § 30 ILCS 235 Public Funds Investment Act is amended to add new investments, the new investments will automatically be added to the list of Permissible Investments, but not recommended for use until approved by the Executive Director.

2. Collateralization

Where allowed by state law and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization equal to 100 to 110% of the uninsured deposit will be required on all demand deposit accounts, including checking accounts, savings accounts, money market accounts and non-negotiable certificates of deposit.

Acceptable collateral for bank deposits and repurchase agreements shall include only:

- Obligations of the U.S. Government, its agencies and GSEs, including mortgage backed securities.
- Obligations of any state, city, county or authority rated at least AA by two nationally recognized statistical rating organizations.

VIII. Investment Parameters

1. Diversification

It is the policy of the IFA to diversify its investment portfolios. A variety of financial instruments and maturities, properly balanced, will help to ensure liquidity and reduce risk or interest rate volatility and loss of principal. Diversifying investments and

maturities will avoid incurring unreasonable risks in the investment portfolio regarding specific security types, issuers or individual financial institutions.

Diversification strategies shall be determined and revised periodically by the Investment Committee/Investment Officer for all funds except for the employee retirement fund and those funds for which the IFA has no investment responsibility.

2. Maximum Maturities

To the extent possible, the IFA shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the IFA will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances. The IFA shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest securities with longer maturities shall be disclosed in writing to the Board of Directors.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

IX. Reporting

1. Methods

The Investment Officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter. This management summary will be prepared in a manner which will allow the IFA to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the entity's Executive Director, the Board of Directors, the investment committee and any pool participants. The report will include the following:

- Listing of individual securities held at the end of the reporting period.
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity (in accordance with Governmental Accounting Standards Board (GASB) requirements).

- Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
- Listing of investment by maturity date.
- Percentage of the total portfolio which each type of investment represents.

2. Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and the risks undertaken, and shall have a similar weighted average maturity as the portfolio.

3. Marking to Market

The market value of the portfolio shall be calculated monthly and a statement of the market value of the portfolio shall be issued quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on “Mark to Market Practices for State and Local Government Investment Portfolios and Investment Pools.”

4. Reconciliation

The portfolio shall be reconciled against the holdings of the custodian on a monthly basis.

X. Policy Considerations

1. Exemption

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Periodic Review; Amendments

The investment portfolio, its effectiveness in meeting the IFA’s needs for safety, liquidity, rate of return, and diversification, and its general performance shall be reviewed on an annual basis by the Investment Officer. Any changes needed to the Investment Policy as a result of this periodic review must be approved by the Investment Officer/Investment Committee as well as the individuals charged with maintaining internal controls.

XI. Initial Approval of Investment Policy

The investment policy shall be formally approved and adopted by the governing body of the IFA.

XII. Miscellaneous

1. Sample Documentation

- Sample investment reports.
- Letter of Direction

GFOA Recommended Policies

Treasury and Investment Management

- Using Safekeeping and Third-Party Custodian Services (2010)
- Collateralizing Public Deposits (1984, 1987, 1993, 2000, 2007, 2010)
- Using Mutual Funds for Cash Management Purposes (2003, 2006 and 2012)
- Diversification of Investments in a Portfolio (2002 and 2007)
- Managing Market Risk in Investment Portfolios (2007 and 2009)
- Establishing a Policy for Repurchase Agreements (2003, 2006, 2008 and 2010)

Adopting Policies for the Frequency of Purchased Securities Valuation in Repurchase Agreements (1999, 2003, 2006, 2008 and 2010)

Authorized Personnel

The following personnel are authorized to conduct investment transactions on behalf of the Authority:

Executive Director
Treasurer
Assistant Treasurer
Controller

POLICY AND PROCEDURE NUMBER: 30.10.001
SUBJECT: Investment Policy

I. Governing Authority

Legality

The investment program shall be operated in conformance with federal, state, and other legal requirements, including § 30 ILCS 235/0.01 *et seq.* (“Public Fund Investment Act”), § 20 ILCS 3501/801-1 *et seq.* (“Illinois Finance Authority Act”), and bond documents as applicable.

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II. Scope

This policy applies to the investment of all funds, excluding the investment of employees’ retirement funds, funds committed to credit enhancement and funds held by bond trustees that are governed by the provisions of bond agreements. The investment of these funds is governed by the bond agreements and applicable authorizing statutes.

Pooling of Funds

Except for cash in certain restricted and special funds, the IFA will consolidate cash and reserve balances from all funds to the extent permitted by law to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles monthly.

III. General Objectives

1. Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to preserve the investment principal by minimizing credit and interest rate risk, provide liquidity for working capital needs and grow unencumbered portfolio balances through prudent management.

Credit Risk

The IFA will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in Section VII [Suitable and Authorized Investments] of this Investment Policy.
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the IFA will do business in accordance with the Illinois Procurement Code §30 ILCS 500.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Interest Rate Risk

The IFA will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy [see section VIII – Investment Parameters].

2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands [static liquidity]. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets [dynamic liquidity]. Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

3. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration of the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

4. Local Considerations

Where possible, funds may be invested for the betterment of the local economy or that of local entities within the State. The IFA may accept a proposal from an eligible institution which provides for a ~~reduced~~ reduced rate of interest provided that such institution documents the use of deposited funds for community development projects.

IV. Standards of Care

1. Prudence

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The Investment Officer (hereinafter defined) acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The “prudent person” standard states that,

“Investments shall be made with judgment, and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

2. Ethics and Conflicts of Interest

Officers, Employees and External Investment Managers involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial /investment positions that could be related to the performance of the investment portfolio.

Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the IFA.

3. Delegation of Authority

Authority to manage the investment program is granted to the Treasurer, or in the absence of a Treasurer, is granted to the Executive Director, each hereinafter referred to as Investment Officer and derived from the following § 20 ILCS 3501 Section 845-40.

Responsibility for the operation of the investment program is hereby designated to the Investment Officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Officers will prepare monthly investment reports and other special reports as may be deemed necessary. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer.

The IFA may seek to establish an investment committee to provide guidance to investments officers.

The IFA may engage the services of one or more external investment managers to assist in the management of the entity's investment portfolio in a manner consistent with the Authority's objectives. Such external manager may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisors Act of 1940.

V. Authorized Financial Institutions, Depositories, and Broker/Dealers

1. Authorized Financial Institutions, Depositories, and Broker/Dealers

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers and investment management firms selected by conducting a process of due diligence. These may include "primary" dealers or regional dealers that qualify under the Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

- The Investment Officer shall determine which financial institutions are authorized to provide investment services to the Authority. Institutions eligible to transact investment business with the Authority include:
 - a. Primary government dealers as designated by the Federal Reserve Bank;
 - b. National or state-chartered banks;
 - c. The Federal Reserve Bank; and
 - d. Direct issuers of securities eligible for purchase.
- Selection of financial institutions and broker/dealers authorized to engage in transactions with the Authority shall be at the sole discretion of the Authority.
- All broker/dealers who desire to become qualified for investment transactions must supply the following (as appropriate):
 - Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
 - Proof of FINRA certification
 - Proof of state registration.

- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with the Authority's investment policy.
- All financial institutions who desire to become depositories must supply the following (as appropriate):
 - Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
 - Proof of state registration
 - Evidence of adequate insurance coverage.
 - A periodic review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Investment Officer.

2. Minority, Emerging and Community Financial Institutions

From time to time, the Investment Officer may choose to invest in instruments offered by minority, emerging and community financial institutions. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with state and local law.

3. Competitive Transactions

- The Investment Officer shall obtain competitive bid information on all purchases of investment instruments purchased on the secondary market. A competitive bid can be executed through a bidding process involving at least three separate broker/financial institutions or through the use of a nationally recognized trading platform.
- If the Authority is offered a security for which there is no readily available competitive offering on the same specific issue, then the Investment Officer shall document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities as the same original issue price.
- If the Authority hires an investment adviser to provide investment management services, the adviser must provide documentation of competitive pricing execution on each transaction. The investment adviser will retain documentation and provide upon request.

VI. Safekeeping and Custody

1. Delivery vs. Payment

All trades or marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to release of funds.

2. Third-Party Safekeeping

Securities will be held by an independent third-party custodian selected by the entity as evidenced by safekeeping receipts in the IFA's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls – Service Organization Control Reports (formerly 70 or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011).

3. Internal Controls

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the IFA are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in an investment procedures manual that shall be reviewed and updated periodically by the Investment Officer.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

The internal controls structure shall address the following points at a minimum:

- Control of collusion.
- Separation of transaction authority from accounting and recordkeeping.
- Custodial safekeeping.
- Avoidance of physical delivery securities.
- Clear delegation of authority to subordinate staff members.
- Written confirmation of transactions for investments and wire transfers.
- Dual authorizations of wire transfers.
- Staff training and
- Review, maintenance and monitoring of security procedures both manual and automated.

Accordingly, the Investment Officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures and to prevent losses of funds arising from failure to comply with provisions of the Public Funds Investment Act § 30 ILCS 235, fraud, employee error, misrepresentation by third parties or imprudent actions by employees or officers of the firm or alternatively, compliance should be assured through the IFA's annual independent audit by the Office of the Inspector General.

VII. Suitable and Authorized Investments

1. Investment Types

Consistent with Government Finance Officers Association (“GFOA”) Policy Statement on State and Local Laws Concerning Investment Practices, the Investment Officer or designee may invest in any type of security allowed by Illinois Law. See 30 ILCS 235/2 for a listing of permissible investments.

- If § 30 ILCS 235 Public Funds Investment Act is amended and one or more investments are no longer permissible, the investment will be removed from the list of Permissible Investments. Under this circumstance, any newly ineligible investments will be allowed to mature or can be sold immediately at the Investment Officer’s discretion.
- If § 30 ILCS 235 Public Funds Investment Act is amended to add new investments, the new investments will automatically be added to the list of Permissible Investments, but not recommended for use until approved by the Executive Director.

2. Collateralization

Where allowed by state law and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization equal to 100 to 110% of the uninsured deposit will be required on all demand deposit accounts, including checking accounts, savings accounts, money market accounts and non-negotiable certificates of deposit.

Acceptable collateral for bank deposits and repurchase agreements shall include only:

- Obligations of the U.S. Government, its agencies and GSEs, including mortgage backed securities.
- Obligations of any state, city, county or authority rated at least AA by two nationally recognized statistical rating organizations.

VIII. Investment Parameters

1. Diversification

It is the policy of the IFA to diversify its investment portfolios. ~~To eliminate risk of loss resulting from the over concentration of assets in a specific maturity, issuer or class of securities, all cash and cash equivalent assets in all IFA funds shall be diversified by maturity, issuer, and class of security. [See Appendix B, Diversification Strategies]~~ A variety of financial instruments and maturities, properly balanced, will help to ensure liquidity and reduce risk or interest rate volatility and loss of principal. Diversifying investments and maturities will avoid incurring unreasonable risks in the investment portfolio regarding specific security types, issuers or individual financial institutions.

Diversification strategies shall be determined and revised periodically by the Investment Committee/Investment Officer for all funds except for the employee retirement fund and those funds for which the IFA has no investment responsibility.

2. Maximum Maturities

To the extent possible, the IFA shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the IFA will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances. The IFA shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest securities with longer maturities shall be disclosed in writing to the Board of Directors.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

IX. Reporting

1. Methods

The Investment Officer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter. This management summary will be prepared in a manner which will allow the IFA to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the entity's Executive Director, the Board of Directors, the investment committee and any pool participants. The report will include the following:

- Listing of individual securities held at the end of the reporting period.
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held until maturity (in accordance with Governmental Accounting Standards Board (GASB) requirements).
- Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
- Listing of investment by maturity date.

- Percentage of the total portfolio which each type of investment represents.

2. Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and the risks undertaken, and shall have a similar weighted average maturity as the portfolio.

3. Marking to Market

The market value of the portfolio shall be calculated monthly and a statement of the market value of the portfolio shall be issued quarterly. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on “Mark to Market Practices for State and Local Government Investment Portfolios and Investment Pools.”

4. Reconciliation

The portfolio shall be reconciled against the holdings of the custodian on a monthly basis.

X. Policy Considerations

1. Exemption

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Periodic Review; Amendments

The investment portfolio, its effectiveness in meeting the IFA’s needs for safety, liquidity, rate of return, and diversification, and its general performance~~This policy~~ shall be reviewed on an annual basis by the Investment Officer. Any changes needed to the Investment Policy as a result of this periodic review must be approved by the Investment Officer/Investment Committee~~and any other appropriate authority~~, as well as the individuals charged with maintaining internal controls.

XI. Initial Approval of Investment Policy

The investment policy shall be formally approved and adopted by the governing body of the IFA~~and reviewed annually~~.

XII. Miscellaneous

1. List of Attachments

The following documents, as applicable, are attached to this policy:

- ~~Listing of authorized personnel.~~
- ~~Relevant investment statutes and ordinances.~~
- ~~§ 20 ILCS 3501 IFA Act~~
- ~~§ 30 ILCS 235/2 Public Funds Investment Act~~
- ~~Listing of authorized broker/dealers and financial institutions.~~
- ~~Internal controls. [To be developed]~~
- ~~Investment Procedures Manual [To be developed]~~

2. ~~Other~~Sample Documentation

- ~~Master Repurchase Agreement, other repurchase agreements and tri party agreements.~~
- ~~Investment Management Services Request for Proposal [when issued]~~
- ~~Safekeeping agreements.~~
- ~~Wire transfer agreements.~~
- ~~Sample investment reports. [To be developed]~~
- ~~Methodology for calculating rate of return. [To be developed]~~Letter of Direction

GFOA Recommended Policies

Treasury and Investment Management

- Using Safekeeping and Third-Party Custodian Services (2010)
- Collateralizing Public Deposits (1984, 1987, 1993, 2000, 2007, 2010)
- Using Mutual Funds for Cash Management Purposes (2003, 2006 and 2012)
- Diversification of Investments in a Portfolio (2002 and 2007)
- Managing Market Risk in Investment Portfolios (2007 and 2009)
- Establishing a Policy for Repurchase Agreements (2003, 2006, 2008 and 2010)

Adopting Policies for the Frequency of Purchased Securities Valuation in Repurchase Agreements (1999, 2003, 2006, 2008 and 2010)

Authorized Personnel

The following personnel are authorized to conduct investment transactions on behalf of the Authority:

Executive Director
Treasurer

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Assistant Treasurer
Controller

Authorized Broker/Dealers

{To be inserted}

Authorized Financial Institutions

The following financial institutions have been authorized to provide financial services to the Authority:

- ~~Bank of America Merrill Lynch~~
- ~~Banterra Bank~~
- ~~JPMorgan Asset Management~~
- ~~The Illinois Funds/U.S. Bank, N.A.~~

APPENDIX B

Diversification Strategy

It is the policy of the Illinois Finance Authority (the “IFA” or the “Authority”) to diversify its investment portfolios. To eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities, assets in all IFA funds shall be diversified by maturity, issuer, and class of security. Diversification strategies shall be determined and revised periodically by the investment committee/investment officer for all funds.

<u>Diversification Constraints on Total Holdings</u>	
<u>Issuer Type</u>	<u>Maximum % of Holdings</u>
U.S. Treasury Obligations	100%
U.S. Agency (GSE) Securities	85%
Local Government Investment Pool – The Illinois Funds	100%
Money Market Mutual Funds ⁽¹⁾	25%
Certificates of Deposit/Bank Deposits/Savings	40%
Repurchase Agreements	50%
Prime Commercial Paper	50%
Corporate Bonds	20%
Tax-Exempt Obligations	20%

~~Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations. No more than 5% of the total portfolio shall be invested in any one issuer of commercial paper, tax exempt obligations or corporate bonds.~~

~~Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular issuer or investment type. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure the appropriate diversification is maintained.~~

Mitigating Market Risk in the Portfolio

~~Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The IFA recognizes that, over time, longer term/core portfolios have higher volatility of return. The Authority shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The Authority further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The Authority, therefore, adopts the following strategies to control and mitigate its exposure to market risk:~~

- ~~1. The Authority shall maintain a minimum of six months of budgeted operating expenditures in short-term investments to provide sufficient liquidity for expected disbursements;~~
- ~~2. The maximum percent of callable securities in the portfolio shall be 15%;~~
- ~~3. The maximum stated final maturity of individual securities in the portfolio shall be five years, except as otherwise stated in this policy; and~~
- ~~4. Liquidity funds will be held in The Illinois Funds or in money market instruments maturing one year and shorter;~~
- ~~5. Longer term/Core funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be only invested in higher quality and liquid securities.~~
- ~~6. The duration of the portfolio shall at all times be approximately equal to the duration (plus or minus 10%) of a Market Benchmark Index selected by the Authority based on the Authority's investment objectives, constraints and risk tolerances. The Authority's current Benchmark shall be documented in an Investment Procedures Manual [To be developed].~~

~~The following diversification limitations shall be imposed on the IFA portfolio:~~

- ~~1. Maturity: No more than 25% of the portfolio may be invested beyond 3 years.~~
- ~~2. Duration: The weighted average duration of the portfolio is expected to be less than 2.5 years~~
- ~~3. Default risk: No more than 5% of the overall portfolio may be invested in the securities of a single issuer, except for securities of the U.S. Treasury. No more than 40% of the total portfolio may be invested in non-government securities.~~
- ~~4. Liquidity risk: At least 10% of the portfolio shall be invested in overnight or in marketable securities which can be sold to raise cash in one day's notice.~~

Total Portfolio Maturity Constraints	
	Minimum % of Total Portfolio
1 year or less	25%
3 to 5 years	50%
Maximum 1 to 5 years	75%
WAM (weighted average maturity)	2.5 years

~~Reserve funds and other funds with longer term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest securities with longer maturities shall be disclosed in writing to the Board of Directors.~~

~~Unless matched to a specific cash flow, the IFA will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances. The IFA shall adopt weighted average maturity limitations (which often range from 90 days to 3 years), consistent with the investment objectives.~~

~~**Note:** Restricted to money market mutual funds registered under the Investment Company Act of 1940, that are invested in Treasuries guaranteed by the full faith of the United States of America as to principal and interest or similar obligations of the United States of America, its agencies and its instrumentalities.~~

To: Members of the Authority

From: Chris Meister, Authority Executive Director

Date: October 13, 2016

Re: **Informational Memo A.3: Illinois Medical District Commission Revenue Bonds, Series 2006 (State moral obligation/contingent State taxpayer guarantee)**

On January 31, 2006, the Authority issued revenue bonds (\$7.5 million tax-exempt; \$32.5 million taxable) on behalf of the Illinois Medical District Commission (“2006 Bonds”), a special district created by State statute (“Commission”). The Commission’s 2006 Bonds were enhanced by the State’s moral obligation, a contingent State taxpayer guarantee allowed under Section 801-40(w) of the Authority’s Act (20 ILCS 3501/801-40(w)). The Commission’s 2006 Bonds are the Authority’s sole remaining outstanding bonds enhanced by the State’s moral obligation. The Official Statement of and continuing disclosure related to the Commission’s 2006 Bonds may be found at www.emma.msrb.org (“EMMA”).

In Fiscal Year 2008, the Authority adopted and implemented GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations – an interpretation of the National Council on Governmental Accounting (NCGA) Statement 1* (August 1995) (“GASB Interpretation No. 2”). See Authority Financial Audit for the Year Ended June 30, 2008, McGladrey & Pullen Certified Public Accountants, Performed as Special Assistant Auditors for the Auditor General, State of Illinois, Independent Auditors’ Report, p. 3; Notes to Financial Statements, paragraph (p), ***Adoption of New Accounting Principles***, of Section 2, ***Summary of Significant Accounting Policies***, pp. 12-13; see also, www.auditor.illinois.gov). GASB Interpretation No. 2 requires that the Authority carry on its balance sheet certain cash, notes receivable and bonds payable attributable to bonds issued by the Authority to benefit other funds and component units of the State of Illinois, including bonds issued on behalf of the Illinois Environmental Protection Agency (Clean Water Initiative/State Revolving Fund), Northern Illinois University, and those bonds issued by the Authority and enhanced with the State’s moral obligation such as the Commission’s 2006 Bonds. Since May 20, 2009, the release date of the Fiscal Year 2008 Authority Financial Audit, the Authority has carried the Commission’s 2006 Bonds on its balance sheet.

On August 8, 2016, the Commission posted on EMMA that it was “currently evaluating the refinancing and redemption” of the 2006 Bonds. See attached August 8, 2016 Notice. Consistent with the August 8, 2016 Notice, at its September 20, 2016 public meeting, the Commission noted its efforts in connection with the refinancing and redemption of the 2006 Bonds, which are subject to certain contingencies set forth in the August 8, 2016 Notice. If the 2006 Bonds are redeemed, the Authority will no longer carry any Commission financial activities on its balance sheet.

VOLUNTARY EVENT NOTICE
NOTICE OF POTENTIAL REFINANCING

Illinois Finance Authority
Tax-Exempt Revenue Bonds,
(Illinois Medical District Commission Project) Series 2006A
CUSIPS: 45200BWR5* 45200BWS3*

Illinois Finance Authority
Taxable Revenue Bonds,
(Illinois Medical District Commission Project) Series 2006B
CUSIP: 45200BWU8*

NOTICE is hereby given that the Illinois Medical District Commission (the "IMDC") is currently evaluating the refinancing and redemption of the above-referenced bonds (such bonds to be refinanced and redeemed collectively, the "Prior Bonds") in the fourth quarter of the calendar year 2016. Any redemption of the Prior Bonds is dependent on the successful negotiation of a loan agreement to refinance a portion of the Prior Bonds and the sale of certain properties of the IMDC currently pledged as security for the Prior Bonds and market and other conditions, and there is no assurance that all or any of the Prior Bonds will be defeased or redeemed.

This Notice does not constitute a notice of redemption or defeasance for the Prior Bonds. In the event any Prior Bonds are to be defeased or redeemed, those notices will be provided as contemplated by the indenture of trust for such Prior Bonds.

Dated: August 8, 2016

*CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association, which is not affiliated with OSF Healthcare System and is included solely for the convenience of the registered owners of the Prior Bonds. OSF Healthcare System is not responsible for the selection or use of CUSIP numbers, and no representation is made as to their correctness on the Prior Bonds or as included herein. The CUSIP number for a specific maturity of bonds is subject to being changed after the issuance of the bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the bonds.

Date: October 13, 2016

To: R. Robert Funderburg, Jr., Chairman Lyle McCoy
Eric Anderberg George Obernagel
Gila J. Bronner Terrence M. O'Brien
James J. Fuentes Roger Poole
Michael W. Goetz Beth Smoots
Robert Horne John Yonover
Mayor Arlene A. Juracek Bradley A. Zeller
Lerry Knox

Subject: ***Minutes of the September 8, 2016 Regular Meeting***

Dear Members of the Authority:

Please find enclosed the Report of Proceedings prepared by Marzullo Reporting Agency, Inc. (the "**Minutes**") in connection with the regular meeting of the Members of the Illinois Finance Authority (the "**Authority**"), begun and held at the Michael A. Bilandic Building, 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601, on the second Thursday of September in the year 2016, pursuant to the provisions of Section 801-25 and Section 801-30 of the Illinois Finance Authority Act, 20 ILCS 3501/801-1 et seq. of the State of Illinois (the "**Act**").

To aid in your review of the Minutes, please reference the following pages and line numbers for corresponding sections of the respective meeting's agenda:

ILLINOIS FINANCE AUTHORITY
REGULAR MEETING
Thursday, September 8, 2016
9:30 AM

AGENDA:

- I. Call to Order & Roll Call
(page 3, line 1 through page 5, line 21)
- II. Approval of Agenda
(page 5, line 22 through page 6, line 12)
- III. Chairman's Remarks
(page 6, lines 13 through 17)
- IV. Message from the Executive Director
(page 6, lines 18 through 21)
- V. Consideration of the Minutes
(page 6, line 22 through page 7, line 10)
- VI. Presentation and Consideration of Financial Reports
(page 7, line 11 through page 11, line 11)
- VII. Monthly Procurement Report
(page 11, line 12 through page 12, line 11)

- VIII. Committee Reports
(page 12, lines 12 through 19)
- IX. Presentation and Consideration of the Project Reports and Resolutions
(page 12, line 20 through page 19, line 15)
- X. Other Business
(page 19, line 16 through page 20, line 4)
- XI. Public Comment
(page 20, line 5 through 6)
- XII. Adjournment
(page 20, lines 6 through 18)

The Minutes of the regular meeting of the Authority are further supplemented by a summary of the respective meeting's voting record prepared by Authority staff (the "**Voting Record**"), which is also enclosed.

Please contact an Assistant Secretary to report any substantive edits to the enclosures.

Respectfully submitted,

/s/ Brad R. Fletcher
Assistant Vice President

- Enclosures:
- 1. Minutes of the September 8, 2016 Regular Meeting
 - 2. Voting Record of the September 8, 2016 Regular Meeting

ILLINOIS FINANCE AUTHORITY
REGULAR MEETING
September 8th, 2016 at 9:30 a.m.

Report of Proceedings had at the Regular Meeting of the
Illinois Finance Authority on February 11th, 2016, at the
hour of 9:30 a.m., pursuant to notice, at 160 North LaSalle
Street, Suite 1000, Chicago, Illinois.

MR. R. ROBERT FUNDERBURG, Chairman
MR. JAMES J. FUENTES
MR. ROBERT HORNE
MS. ARLENE JURACEK
MR. MICHAEL W. GOETZ
MR. BRADLEY A. ZELLER
MR. LYLE MCCOY
MS. BETH SMOOTS
MR. JOHN YONOVER
MR. GEORGE OBERNAGEL (Via audio conference)
MR. TERRENCE M. O'BRIEN
MS. GILA J. BRONNER (Via audio conference)
MR. ERIC ANDERBERG (Via audio conference)

ILLINOIS FINANCE AUTHORITY STAFF MEMBERS

MR. BRAD FLETCHER, Assistant Vice-President
MR. RICH FRAMPTON, Vice-President
MS. PAMELA LENANE, Vice-President
MS. ELIZABETH WEBER, General Counsel
MS. XIMENA GRANDA, Controller
MR. CHRISTOPHER B. MEISTER, Executive Director
MS. DENISE BURNS, Deputy General Counsel

MARZULLO REPORTING AGENCY (312) 321-9365

CHAIRMAN FUNDERBURG: Good morning, everyone.
I would like to call to order the Illinois Finance
Authority Board meeting.

Mr. Assistant Secretary, would you please
take the roll.

FLETCHER: Certainly. The time is 9:30 a.m. I
will call the roll of Members physically present in
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APPEARANCE:

ILLINOIS FINANCE AUTHORITY MEMBERS

8 the room first.

9 Mr. Fuentes?

10 FUENTES: Here.

11 FLETCHER: Mr. Goetz?

12 GOETZ: Here.

13 FLETCHER: Mr. Horne?

14 HORNE: Here.

15 FLETCHER: Ms. Juracek?

16 JURACEK: Here.

17 FLETCHER: Mr. McCoy?

18 MCCOY: Here.

19 FLETCHER: Mr. O'Brien?

20 O'BRIEN: Here.

21 FLETCHER: Mr. Smoots?

22 SMOOTS: Here.

23 FLETCHER: Mr. Yonover?

24 YONOVER: Yes.

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1 FLETCHER: Mr. Zeller?

2 ZELLER: Here.

3 FLETCHER: And Chairman Funderburg?

4 CHAIRMAN FUNDERBURG: Yes, here.

5 FLETCHER: Mr. Chairman, a quorum of Members
6 physically present in the room has been constituted.

7 At this time I would like to ask if any

8 Members would like to attend via audio conference?

9 BRONNER: Yes. This is Gila Bronner. I am

10 requesting to attend via audio conference due to

11 employment purposes.

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12 CHAIRMAN FUNDERBURG: Okay.

13 ANDERBERG: And this Eric Anderberg, same
14 reason.

15 CHAIRMAN FUNDERBURG: Okay. Thank you both.

16 Then is there a motion to approve these requests

17 pursuant to the bylaws and the policies of the

18 Authority?

19 JURACEK: So moved.

20 FUENTES: Second.

21 CHAIRMAN FUNDERBURG: There is a motion.

22 There's a second by Mr. Fuentes. All in favor,

23 please say aye.

24 (A chorus of ayes.)

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1 CHAIRMAN FUNDERBURG: Any opposed?

2 (No response.)

3 MEISTER: Mr. Chairman, Mr. Obernagel is on the
4 phone, and I think would like to make a statement.

5 CHAIRMAN FUNDERBURG: Okay.

6 OBERNAGEL: George Obernagel on the phone. I
7 would have been there this morning, but my plane was
8 delayed for mechanical problems.

9 They said the weather was bad in Chicago.

10 They were going to fly us through Louisville. I

11 wouldn't get there for three extra hours. Until I

12 get to the "el" train, I wouldn't probably get there

13 until 11:00 o'clock. So I'm just calling in from

14 the airport. I understand I cannot vote on that

15 vote.

16 CHAIRMAN FUNDERBURG: Okay. Thank you. And

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17 thank you for your effort to get here. We
18 understand.

19 FLETCHER: Duly noted. Mr. Chairman, Member
20 Anderberg and Vice-Chair Bronner have been added to
21 the initial quorum roll call.

22 CHAIRMAN FUNDERBURG: Okay, thank you. Next is
23 the approval of the agenda. Does anyone have any
24 additions or corrections to make on today's agenda?

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6

1 If not, then, is there a motion to approve
2 the agenda?

3 GOETZ: So moved.

4 BRONNER: So moved.

5 CHAIRMAN FUNDERBURG: Gila, would you like to
6 second that motion?

7 BRONNER: Second.

8 CHAIRMAN FUNDERBURG: All in favor, please say
9 aye.

10 (A chorus of ayes.)

11 CHAIRMAN FUNDERBURG: Any opposed?

12 (No response.)

13 CHAIRMAN FUNDERBURG: My only remark today is
14 to express sympathy to Lerry Knox's family. Lerry
15 would be here had he not had a loss in his family.
16 His grandmother passed away. So our thoughts are
17 with Lerry and his family. Chris?

18 MEISTER: The message from the Executive

19 Director this month is really set forth in the Board
20 books and in the online materials, and that's all I

Page 5

21 have this morning.
22 CHAIRMAN FUNDERBURG: Okay, thank you. Next is
23 consideration of the minutes. Are there any edits,
24 additions or corrections to the minutes from the

MARZULLO REPORTING AGENCY (312) 321-9365

7

1 Last meeting?

2 Then if not, then, is there a motion to
3 approve the minutes?

4 GOETZ: So moved.

5 ZELLER: Second.

6 CHAIRMAN FUNDERBURG: Second by Brad Zeller.
7 All in favor, please say aye.

8 (A chorus ayes.)

9 CHAIRMAN FUNDERBURG: Any opposed?

10 (No response.)

11 CHAIRMAN FUNDERBURG: Next is the Presentation
12 and Consideration of the Financial Reports.
13 Ms. Granda?

14 GRANDA: Good morning, everyone. My name is
15 Ximena Granda. I am the Controller for the
16 Authority, and I will be presenting the financial
17 statements as of August 31st, 2016.

18 The financial analysis and the financial
19 statements are included in your folders. Total
20 annual revenues equal 1.1 million and are \$236,000
21 or 28.5 percent higher than budget, due primarily to
22 higher closing fees in August.

23 In August, the Authority generated
24 \$479,000 in closing fees, higher than the monthly

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1 budget of \$291,000. Closing fees were received from
 2 Presence Health for \$211,000, Smith Village for
 3 \$88,000, The Art Institute for \$92,000, and the
 4 Newman Foundation for \$88,000.

5 The total amount of bonds issued for these
 6 borrowers totals \$1.1 billion, which includes one of
 7 the highest bonds issued since the inception of the
 8 Authority.

9 Total annual expenses equals \$500,000, and
 10 are \$326,000 or 39.5 percent lower than budget.
 11 This is mostly driven by vacant budget staff
 12 positions and a reduction on spending on
 13 professional services.

14 In August, the Authority recorded
 15 operating expenses of \$254,000, which is lower than
 16 the monthly budgeted amount of \$412,000. The
 17 decrease again is due primarily in employee-related
 18 expenses and professional services.

19 In August -- I'm sorry, the total monthly
 20 net income of \$325,000 is driven by higher closing
 21 fees, the total annual net income of \$566,000. The
 22 major driver of the annual positive bottom line
 23 continues to be the level of overall spending at
 24 39.5 percent below budget, as well as higher closing
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1 and administrative service fees.

2 The Authority continues to maintain a

3 strong balance sheet. The general fund has a net
 4 position of \$54.3 million. Total assets are at
 5 \$55.1 million, consisting mostly of cash,
 6 investments and receivables.

7 Unrestricted cash and investment in the
 8 general fund totals \$29.5 million. The State of
 9 Illinois assigns/purchase receivables totals
 10 \$4.9 million. In the month of August, the Authority
 11 received total payments of \$1.5 million, which
 12 leaves a balance of \$3.4 million due from the State
 13 of Illinois.

14 This includes -- this schedule can be
 15 found in your Board book under your financial
 16 statements tab. Along with this payment, the
 17 Authority received \$129,000 in prompt payment
 18 interest, which will be deposited in the month of
 19 September.

20 Also, in August, the Authority received
 21 payments from Southwestern Illinois Development
 22 Authority in the amount of \$1.4 million, which pays
 23 off the loan with the Authority. In September, the
 24 Authority also received a payment from the Illinois

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1 Department of Human Services in the amount of
 2 \$538,000, which also paid the loan with the
 3 Authority.

4 Altogether, the Authority has received
 5 about 50 percent of the state assignment receivables
 6 and the loans to SWIDA and to the Department of
 7 Human Services. We just received an additional
 Page 8

8 \$214,000 as of yesterday from one of the State
 9 receivables.
 10 The external auditors, RSM, are on the
 11 Authority's premises as of September the 6th to
 12 continue the field work for fiscal 2016 financial
 13 audit examination. The Authority has engaged
 14 Kerber, Eck and Braeckel to assist with the
 15 implementation of GASB 72.
 16 It's anticipated that the vendor's
 17 recommendation on the aforementioned GASB issue will
 18 be provided in your October analysis.
 19 Is there any questions?
 20 GOETZ: So we are getting our money back from
 21 the State?

22 GRANDA: Yes, we are, including the prompt
 23 payment interest.
 24 GOETZ: The interest, right.

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11

1 GRANDA: Yes.
 2 CHAIRMAN FUNDERBURG: Other questions? Okay,
 3 thank you. If there are no other questions, then is
 4 there a motion to accept the financial reports?
 5 GOETZ: So moved.
 6 JURACEK: Second.
 7 CHAIRMAN FUNDERBURG: Motion and second. All
 8 in favor, please say aye.
 9 (A chorus of ayes.)
 10 CHAIRMAN FUNDERBURG: Any opposed?
 11 (No response.)

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12 CHAIRMAN FUNDERBURG: Okay. Next up is
 13 Procurement Report, please?
 14 BURN: Good morning. I'm Denise Burn, Deputy
 15 General Counsel for IFA, and I'm speaking right now
 16 as Interim Agency Procurement Officer.
 17 During the past month, IFA executed one
 18 competitive bid contract with the printer for the
 19 SRF transaction; and although they are listed as
 20 pending in your report, the arrangements for Fitch
 21 and S&P have now been finalized.
 22 They are the rating agencies on the SRF,
 23 which is good, since the transaction is closing.
 24 There were several small purchases of various
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1 technology housekeeping items and several other
 2 small purchases are planned and also reflected in
 3 the report.
 4 However, the most significant upcoming
 5 procurement events are requests for proposals with
 6 respect to loan management services, bank custodial
 7 services, net worth consulting services, and
 8 temporary staffing services, all of which are to
 9 deal with terminating current arrangements.
 10 Those are the highlights. Does anyone
 11 have any questions?
 12 CHAIRMAN FUNDERBURG: Okay, thank you very
 13 much. Next up are Committee Reports. Mr. Horne?
 14 MR. HORNE: Yes. The Tax-Exempt Conduit
 15 Transactions Committee met this morning. We had two
 16 matters before us that are on today's agenda.

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17 Northwestern Memorial Healthcare and University of
18 Chicago Medical Center, both items were unanimously
19 approved by our Committee.

20 CHAIRMAN FUNDERBURG: Anything else? Okay.

21 thank you. Next up are Project Reports and

22 Resolutions. We only have two Project Reports this
23 month.

24 So what we will do is we'll have two

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13

1 separate votes, as Member Goetz needs to recuse
2 himself from voting on one of the presentations.

3 So, Mr. Goetz, would you please?

4 GOETZ: Yes. I have to abstain on the
5 Northwestern deal. The company that my son works
6 for is their financial consultant.

7 CHAIRMAN FUNDERBURG: Okay, thank you. Anyone
8 else?

9 FLETCHER: Let the record reflect that Member
10 Goetz has exited the room to recuse himself from
11 deliberations and voting.

12 CHAIRMAN FUNDERBURG: Thank you.

13 LENANE: Yes. Tab 1 in your book today is a
14 resolution for Northwestern Memorial Healthcare.

15 They are requesting a one-time Final Bond Resolution
16 approving the mode conversion of the Illinois
17 Finance Authority Series 2011A, B and C bonds, which
18 were originally issued by CDH Delnor Healthcare Systems.

19 CDH, as you'll remember, is Central DuPage
20 Hospital in Winfield, and MHC is the corporate

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21 parent of Northwestern Memorial Healthcare System, with
22 a medical staff of more than 4,000, including 1600
23 employed physicians, and more than 1,000 residents.

24 Northwestern Medicine serves patients at

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14

1 nearly 100 diagnostic and ambulatory service sites

2 throughout the Chicago area, and has

3 approximately 1900 licensed beds among seven

4 hospitals located in Illinois: Northwestern

5 Memorial Hospital in Chicago; Northwestern Medicine

6 Central DuPage Hospital in Winfield; Northwestern

7 Medicine Lake Forest Hospital in Lake Forest;

8 Northwestern Medicine Delnor Hospital in Geneva;

9 Northwestern Medicine Kishwaukee Community Hospital

10 in DeKalb; Northwestern Medicine Valley West

11 Hospital in Sandwich; and Marijoy Rehabilitation

12 Hospital in Wheaton.

13 Currently, long-term ratings for

14 Northwestern Memorial Healthcare are AA2 by Moody's
15 and AA+ by S&P. The bonds will remain in a variable

16 rate bank purchase mode with new purchasers:

17 U.S. Bank, Bank of America Public Capital Corp. and
18 Wells Fargo Bank.

19 The initial rate on the bonds will be

20 determined at pricing. The initial commitment

21 carries for the new bonds will be a seven-year

22 initial term for the 2011As, a five-year term for

23 the 2011Bs, and a three-year term for the 2011Cs.

24 North American Memorial has strong

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1 financials, which are contained in your book,
2 showing a debt service coverage of 7.6 and 422 days
3 cash on hand. Are there any questions?
4 CHAIRMAN FUNDERBURG: That's pretty
5 straightforward. Thank you.
6 LENANE: Okay.
7 CHAIRMAN FUNDERBURG: Mr. Assistant Secretary?
8 FLETCHER: Would you like to request a motion?
9 CHAIRMAN FUNDERBURG: Please.
10 MCCOY: So moved.
11 CHAIRMAN FUNDERBURG: Is there a second?
12 JURACEK: Second.
13 FLETCHER: So on the motion by Mr. McCoy and
14 seconded by Ms. Juracek, I will call the roll to
15 approve item No. 1, Northwestern Memorial
16 Healthcare. Mr. Anderberg via audio?
17 ANDERBERG: Yes.
18 FLETCHER: Ms. Bronner via audio?
19 BRONNER: Yes.
20 FLETCHER: Mr. Fuentes?
21 FUENTES: Yes.
22 FLETCHER: Mr. Horne?
23 HORNE: Yes.
24 FLETCHER: Ms. Juracek?
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1 JURACEK: Yes.
2 FLETCHER: Mr. McCoy?
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3 MCCOY: Yes.
4 FLETCHER: Mr. O'Brien?
5 O'BRIEN: Yes.
6 FLETCHER: Ms. Smoots?
7 SMOOTS: Yes.
8 FLETCHER: Mr. Yonover?
9 YONOVER: Yes.
10 FLETCHER: Mr. Zeller?
11 ZELLER: Yes.
12 FLETCHER: And Chairman Funderburg?
13 CHAIRMAN FUNDERBURG: Yes.
14 FLETCHER: Mr. Chairman, the motion carries.
15 CHAIRMAN FUNDERBURG: Thank you. All right.
16 Mr. Goetz has returned.
17 FLETCHER: Let the record reflect Mr. Goetz has
18 now returned to the room.
19 CHAIRMAN FUNDERBURG: Next, please.
20 LENANE: Tab 2 in your book is the University
21 of Chicago Medical Center. The University of
22 Chicago Medical Center is requesting a one-time
23 Final Bond Resolution in the amount of \$250,000,000,
24 approving a partial refunding of the Illinois
MARZULLO REPORTING AGENCY (312) 321-9365

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1 Finance Authority Series 2009A and B bonds,
2 refunding all of the Illinois Finance Authority
3 Series 2009C bonds and 2011C bonds, the
4 reimbursement to the University of Chicago Medical
5 Center for previously-paid capital expenditures, the
6 funding of any original issue discount or premium,
7 if applicable, and to pay certain expenses incurred
Page 14

8 in connection with the cost of issuing the Series
9 2016 bonds.

10 The University of Chicago Medical Center
11 currently operates three hospitals and an ambulatory
12 care facility located on the main campus of the
13 University of Chicago, as well as certain outlying
14 facilities and activities.

15 The three hospitals operated by University
16 of Chicago Medical Center consists of the
17 newly-opened adult patient care facility for complex
18 and specialty care called the Center for Care and
19 Discovery, the original adult patient care facility,
20 Bernard Mitchell Hospital, and a Children's
21 Hospital, Comer Children's Hospital.

22 The current long-term ratings for The
23 University of Chicago Medical Center are an AA- by
24 Moody's, AAs by S&P and AA- by Fitch. The bonds
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18

1 will be sold in a public underwriting by J.B. Morgan
2 Securities, Citigroup Global Markets and Loop
3 Capital Markets. The rate on the bonds will be
4 determined at pricing.

5 The University of Chicago Medical Center
6 also has strong financials, with a 5.3 debt service
7 coverage and 230 days cash on hand.

8 CHAIRMAN FUNDERBURG: Thank you. Questions?
9 Okay, if there are no questions, then, is there a
10 motion to approve?

11 GOETZ: So moved.

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FUENTES: Second.

FLETCHER: Motion by Mr. Goetz and seconded by
14 Mr. Fuentes. I will call the roll. Mr. Anderberg
15 via audio?

16 ANDERBERG: Yes.

17 FLETCHER: Ms. Bronner via audio?

18 BRONNER: Yes.

19 FLETCHER: Mr. Fuentes?

20 FUENTES: Yes.

21 FLETCHER: Mr. Goetz?

22 GOETZ: Yes.

23 FLETCHER: Mr. Horne?

24 HORNE: Yes.

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19

1 FLETCHER: Ms. Juracek?

2 JURACEK: Yes.

3 FLETCHER: Mr. McCoy?

4 MCCOY: Yes.

5 FLETCHER: Mr. O'Brien?

6 O'BRIEN: Yes.

7 FLETCHER: Ms. Smoots?

8 SMOOTS: Yes.

9 FLETCHER: Mr. Yonover?

10 YONOVER: Yes.

11 FLETCHER: Mr. Zeller?

12 ZELLER: Yes.

13 FLETCHER: And Chairman Funderburg?

14 CHAIRMAN FUNDERBURG: Yes.

15 FLETCHER: Mr. Chairman, the motion carries.

16 CHAIRMAN FUNDERBURG: Thank you. Next item is
Page 16

17 other business. Is there any other business to come
 18 before the Board?
 19 If not, then, I would like to ask for a
 20 motion to excuse the absences of the Members unable
 21 to participate today.

22 HORNE: So moved.

23 MCCOY: Second.

24 CHAIRMAN FUNDERBURG: All in favor, please say

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20

1 aye.

2 (A chorus of ayes.)

3 CHAIRMAN FUNDERBURG: Any opposed?

4 (No response.)

5 CHAIRMAN FUNDERBURG: Public comments? Here's
 6 your chance. No public comment. The next meeting
 7 is scheduled for October 13th, 2016, here. I would
 8 like to ask for a motion to adjourn.

9 GOETZ: So moved.

10 JURACEK: Second.

11 CHAIRMAN FUNDERBURG: All in favor?

12 (A chorus of ayes.)

13 CHAIRMAN FUNDERBURG: Opposed.

14 (No response.)

15 CHAIRMAN FUNDERBURG: The meeting is over at
 16 approximately 17-and-a-half minutes. Thank you all
 17 very much.

18 FLETCHER: The time is 9:46 a.m.

19 (WHICH WERE ALL THE PROCEEDINGS HAD AT 9:46 a.m.)

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Page 17

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1 STATE OF ILLINOIS }
 2 COUNTY OF COOK } SS:
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4 PAMELA A. MARZULLO, C.S.R., being first duly sworn,
 5 says that she is a court reporter doing business in the city
 6 of Chicago; that she reported in shorthand the proceedings
 7 had at the Proceedings of said cause; that the foregoing is
 8 a true and correct transcript of her shorthand notes, so
 9 taken as aforesaid, and contains all the proceedings of said
 10 hearing.

PAMELA A. MARZULLO
 License No. 084-001624

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ILLINOIS FINANCE AUTHORITY
VOICE VOTE
APPROVAL OF REQUEST TO PARTICIPATE VIA AUDIO CONFERENCE
ADOPTED

September 8, 2016

10 YEAS

0 NAYS

0 PRESENT

NV	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	E	Poole
NV	Bronner (VIA AUDIO CONFERENCE)	E	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz	E	Obernagel	Y	Zeller
Y	Horne	Y	O'Brien	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
SEPTEMBER 8, 2016 AGENDA OF THE REGULAR MEETING OF THE MEMBERS
ADOPTED

September 8, 2016

12 YEAS

0 NAYS

0 PRESENT

Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	E	Poole
Y	Bronner (VIA AUDIO CONFERENCE)	E	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz	E	Obernagel	Y	Zeller
Y	Horne	Y	O'Brien	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
AUGUST 11, 2016 MINUTES OF THE REGULAR MEETING OF THE MEMBERS
ADOPTED

September 8, 2016

12 YEAS

0 NAYS

0 PRESENT

Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	E	Poole
Y	Bronner (VIA AUDIO CONFERENCE)	E	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz	E	Obernagel	Y	Zeller
Y	Horne	Y	O'Brien	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
VOICE VOTE
FINANCIAL REPORTS
ACCEPTED

September 8, 2016

12 YEAS

0 NAYS

0 PRESENT

Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	E	Poole
Y	Bronner (VIA AUDIO CONFERENCE)	E	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz	E	Obernagel	Y	Zeller
Y	Horne	Y	O'Brien	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2016-0908-HC01
 501(c)(3) REVENUE BOND – NORTHWESTERN MEMORIAL HEALTHCARE
 FINAL (ONE-TIME CONSIDERATION)
 PASSED

September 8, 2016

11 YEAS

0 NAYS

0 PRESENT

Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	E	Poole
Y	Bronner (VIA AUDIO CONFERENCE)	E	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
NV	Goetz	E	Obernagel	Y	Zeller
Y	Horne	Y	O'Brien	Y	Mr. Chairman

E – Denotes Excused Absence

ILLINOIS FINANCE AUTHORITY
 ROLL CALL
 RESOLUTION 2016-0908-HC02
 501(c)(3) REVENUE BOND – THE UNIVERSITY OF CHICAGO MEDICAL CENTER
 FINAL (ONE-TIME CONSIDERATION)
 PASSED

September 8, 2016

12 YEAS

0 NAYS

0 PRESENT

Y	Anderberg (VIA AUDIO CONFERENCE)	Y	Juracek	E	Poole
Y	Bronner (VIA AUDIO CONFERENCE)	E	Knox	Y	Smoots
Y	Fuentes	Y	McCoy	Y	Yonover
Y	Goetz	E	Obernagel	Y	Zeller
Y	Horne	Y	O'Brien	Y	Mr. Chairman

E – Denotes Excused Absence

Date: October 13, 2016

To: R. Robert Funderburg, Jr., Chairman
Eric Anderberg
Gila J. Bronner
James J. Fuentes
Michael W. Goetz
Robert Horne
Mayor Arlene A. Juracek
Lerry Knox

Lyle McCoy
George Obernagel
Terrence M. O'Brien
Roger Poole
Beth Smoots
John Yonover
Bradley A. Zeller

From: Ximena Granda, Controller

Subject: *Presentation and Consideration of Financial Reports as of September 30, 2016**

***All information is preliminary and unaudited.**

FISCAL YEAR 2017-UNAUDITED

1. GENERAL OPERATING FUND REVENUES, EXPENSES AND NET INCOME

- a. **Total Annual Revenues** equal \$**2.0** million and are \$**788** thousand or **63.5%** higher than budget due primarily to **higher** closing fees in September. Closing fees year-to-date of \$1.5 million are \$583 thousand or 66.8% **higher** than budget. Annual fees of \$80 thousand are \$26 thousand higher than the budgeted amount. Administrative service fees of \$161 thousand for the year are 7 times higher than budget (which includes the \$150,000 July 2016 final exit fee in connection with the now ended 1985 Healthcare Pool financing project). Application fees total \$11 thousand and are \$3 thousand higher than the budgeted amount. Total accrued interest income from loans in connection with the former Illinois Rural Bond Bank local government borrowers and other loans totaled \$208 thousand (which represents a declining asset since 2014). Net investment income position is at \$111 thousand for the fiscal year and is \$59 thousand higher than budget,* due primarily to the accrual of interest in the aggregate amount of \$90 thousand in connection with the State Prompt Payment Act for State receivables outstanding from July 2016 to September 2016.
- b. In **September**, the Authority generated \$745 thousand in closing fees, higher than the monthly budgeted amount of \$291 thousand. Closing fees were received from: **Riverside Medical Center** for \$135 thousand; **OSF Healthcare** for \$138 thousand; **The Moorings of Arlington Heights** for \$65 thousand; **DePaul University** for \$138 thousand; **Illinois Environmental Protection Agency** for \$250 thousand and various **Agriculture-relating closings** for \$20 thousand. In September, we recorded a net investment gain of \$112 thousand.

Operating Revenues and Expenses are direct results of our basic business operations. Non-Operating Revenues and Expenses are netted against each other and include interest and investment income and expenses, bad debt adjustments, transfers to the State of Illinois and realized/unrealized gains and losses on investments. Net Income/ (Loss) is our bottom line.

* Governmental Accounting Standards Board (GASB) Statement No. 31. This Statement establishes accounting and financial reporting standards for all investments held by governmental external investment pools. For most other governmental entities, it establishes fair value standards for investments in (a) participating interest-earning investment contracts, (b) external investment pools, (c) open-end mutual funds, (d) debt securities, and (e) equity securities, option contracts, stock warrants, and stock rights that have readily determinable fair values.

- Authority investment manager advises that global market conditions contribute to this
- Past performance does not direct the outcome of future outcomes, however in FY2015 investment income total \$642 thousand compared to (unaudited) FY2016 total \$ 742 thousand

- c. **Total Annual Expenses** of \$806 thousand were \$432 thousand or 34.9% lower than budget, which was mostly driven by vacant budgeted staff positions and below budget spending on professional services. Year-to-date, employee and professional services expenses total \$670 thousand; with each function at 22.0% and 58.4% under budget, respectively. Annual occupancy costs of \$45 thousand are 12.8% lower than the budget, while general and administrative costs are \$85 thousand for the year, which is 16.5% lower than budget. Total depreciation costs are \$6 thousand and 6.6% below budget. Total cash transfers in from the Primary Government Borrowing Fund (set up to track financial activity on behalf of the State of Illinois) to the General Operating Fund are \$4.6 million. Total cash transfers out of the General Operating Fund to the Primary Government Borrowing Fund are \$108 thousand (represents a transfer to the JRTC janitorial vendor; see Financial Statements and supplementary Information in Board Book)
- d. In **September**, the Authority recorded operating expenses of \$306 thousand, which is lower than the monthly budgeted amount of \$412 thousand. The decrease is due primarily to employee related expenses and professional services being lower than expected. In September, salary adjustments were paid to employees retroactive to the beginning of the fiscal year.
- e. **Total Monthly Net Income** of \$660 thousand is driven by higher closing fees and the accrual for the prompt payment interest.
- f. **Total Annual Net Income** is \$1.2 million. The major driver of the annual positive bottom line continues to be the level of overall spending at 34.9% below budget, as well as higher closing fees, higher administrative service fees and the accrual of the prompt payment interest.

2. **ALL FUNDS-ASSETS, LIABILITIES AND NET POSITION**

The Authority, as of September 30, 2016, is a \$120.6 million dollar agency which also currently accounts for \$300 million in total activity (including the Other State of Illinois Debt Fund) but maintains compliance for nearly \$26 billion in outstanding debt.

3. **GENERAL OPERATING FUND-ASSETS, LIABILITIES AND NET POSITION**

In the General Fund, the Authority continues to maintain a strong balance sheet, with total net position of \$55.0 million. The total assets in the General Fund are \$57.7 million (consisting mostly of cash, investments, and receivables). Unrestricted cash and investments total \$35.4 million (with \$16.6 million cash). Notes receivables from the former Illinois Rural Bond Bank local governments total \$16.0 million. Participation loans, DACA (pilot medical student loans in exchange for service in medical underserved areas in Illinois) and other loans receivables are at \$3.1 million. Restricted cash and investments in the DACA Loan Fund-Program total \$1.9 million.

4. **YEAR TO DATE ACTIVITY FOR ALL OTHER FUNDS**

- a. In accordance with Governmental Accounting Standards, the “Other State of Illinois Debt Fund” is comprised of bond activity for the Illinois Environmental Protection Agency (IEPA), the Illinois Medical District Commission (IMDC) and Northern Illinois University Foundation (NIUF). The majority of the activity in this fund derives from the Clean Water Initiative (CWI) bonds for IEPA. Total assets in this fund total \$725 million (which includes the \$500 million Clean Water Initiative bonds that closed on September 12, 2016).
- b. The Locally Held Fire Truck and Ambulance Revolving Loan Funds have total year-to-date receipts of \$116 thousand. In Fiscal Year 2016, 29 Fire Truck revolving loans were issued

totaling \$7.9 million. Thus far in Fiscal Year 2017, one loan was disbursed in September in the amount of \$350 thousand under the Fire Truck Revolving Loan program. In conjunction with the Office of the State Fire Marshal, 13 new Ambulance loans totaling \$1.7 million are expected to be disbursed. Thus far in Fiscal Year 2017, ten new loans were disbursed in September for a total of \$1.0 million. The Net Position for Fire Truck and Ambulance Revolving Loan Funds on the Authority's balance sheet are \$22.7 million and \$4.2 million, respectively.

The Illinois Agricultural Loan Guarantee Fund and the Illinois Farmer Agribusiness Loan Guarantee Fund include restricted assets held by the State Treasurer to make payouts of losses in relation to the Authority's agricultural loan guarantee program. As of September 30, 2016, the Agricultural Loan Guarantee Fund with a Restricted Net Position of \$10.1 million includes no loss reserve, but the Agribusiness Fund with a Restricted Net Position of \$7.3 million includes a loss reserve of \$563 thousand for potential loan loss payouts. Moreover, the Industrial Revenue Bond Insurance Fund includes restricted assets held locally by the Authority to make payouts of losses in relation to the Authority's agricultural loan guarantee program (please see Senate Bill 324, Public Acct 99-0509). The Restricted Net Position for the Industrial Revenue Bond Insurance Fund is \$11.9 million as September 30, 2016

- c. All other nonmajor funds recorded total year-to-date revenues of \$9 thousand. Year-to-date expenses total \$1 thousand as of September 30, 2016. Total Net Position in the remaining non-major funds is \$38.7 million.
- d. The Metro East Police District Commission is reported as an agency/fiduciary fund, which has total assets of \$19 thousand in the custody of the Authority. The Illinois Finance Authority NFP Development Fund has a total net position of \$19 thousand.

5. AUTHORITY AUDITS AND REGULATORY UPDATES

- a. Upcoming Governmental Accounting Standards Board (GASB) accounting and financial reporting issues critical to the Authority's financial presentation in FY2016/FY2017 include changes in investment reporting, fiduciary activities, leases, grants, nonexchange transaction compliance and indirectly, and new guidance on tax abatements for local governments. The Financial Accounting Standards Board (FASB) has also (in response to GASB's initiative) submitted a proposal for all private sector entities to disclose assistance received from governmental entities. The Authority has engaged Kerber, Eck and Braeckel LLP, to assist with the implementation of GASB Statement 72. As of October 6, the vendor is still working on the analysis and the footnote for GASB Statement 72.
- b. The Authority submitted its GAAP Package to the Office of the Comptroller on September 9, 2016. On October 3, 2016 the Authority received comments from the Office of the Comptroller for the GAAP Package submission which the Authority is still reviewing. Responses to the Office of the Comptroller are expected to be completed in the next few days.
- c. The Authority welcomes the new external auditors RSM US LLP for its Fiscal Year 2016 and Fiscal Year 2017 Financial Audit and Compliance Examination. RSM US LLP is on the Authority's premises as of September 6, 2016 to continue the fieldwork for the Fiscal Year 2016 Financial Audit Examination.

6. OTHER SUPPLEMENTARY FINANCIAL INFORMATION

- a. The Fiscal Year Comparison of Bonds Issued, The Fiscal Year 2017 Bonds Issued, Schedule of Debt, listing of local government loans, listing of Fire Truck and Ambulance loans, and the State of Illinois Receivables Summary are being presented as supplementary financial information, immediately following the financial reports in your Board package (or manila folder).

Respectfully submitted,

/s/ Ximena Granda
Controller



ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
GENERAL OPERATING FUND
FOR FISCAL YEAR 2017 AS OF SEPTEMBER 30, 2016
(PRELIMINARY AND UNAUDITED)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	BUDGET VARIANCE (\$)	BUDGET VARIANCE (%)
Operating Revenues:																
Closing Fees	\$ 230,038	\$ 479,153	\$ 745,423										\$ 1,454,614	\$ 872,100	\$ 582,514	66.8%
Annual Fees	26,604	22,792	30,432										79,828	53,594	26,234	48.9%
Administrative Service Fees	161,000	-	-										161,000	13,750	147,250	1070.9%
Application Fees	200	2,000	8,700										10,900	7,425	3,475	46.8%
Miscellaneous Fees	94	4,752	-										4,846	125	4,721	3776.8%
Interest Income-Loans	69,733	68,858	69,694										208,285	207,343	942	0.5%
Other Revenue	191	191	190										572	36,000	(35,428)	-98.4%
Total Operating Revenue:	\$ 487,860	\$ 577,746	\$ 854,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,920,045	\$ 1,190,337	\$ 729,708	61.3%
Operating Expenses:																
Employee Related Expense	\$ 155,025	\$ 147,885	\$ 170,978										\$ 473,888	\$ 607,597	\$ (133,709)	-22.0%
Professional Services	45,724	60,685	89,585										195,994	470,759	(274,765)	-58.4%
Occupancy Costs	14,105	13,292	17,476										44,873	51,437	(6,564)	-12.8%
General & Administrative	28,385	29,354	26,935										84,674	101,359	(16,685)	-16.5%
Depreciation and Amortization	2,180	2,153	1,504										5,837	6,250	(413)	-6.6%
Total Operating Expense	\$ 245,419	\$ 253,369	\$ 306,478	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 805,266	\$ 1,237,402	\$ (432,136)	-34.9%
Operating Income(Loss)	\$ 242,441	\$ 324,377	\$ 547,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,114,779	\$ (47,065)	\$ 1,161,844	2468.6%
Nonoperating Revenues (Expenses):																
Miscellaneous Non-Opertg Rev/(Exp)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (375)	\$ 375	-100.0%
Bad Debt Adjustments (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500	(2,500)	-100.0%
Interest and Investment Income*	15,017	21,911	109,656										146,584	78,468	68,116	86.8%
Realized Gain (Loss) on Sale of Invests	(2,890)	(298)	(626)										(3,814)	1,553	(5,367)	-345.6%
Net Appreciation (Depr) in FV of Invests	(14,294)	(20,518)	3,005										(31,807)	(29,859)	(1,948)	6.5%
Total Nonoperating Rev (Exp)	\$ (2,167)	\$ 1,095	\$ 112,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,963	\$ 52,287	\$ 58,676	112.2%
Net Income (Loss) Before Transfers	\$ 240,274	\$ 325,472	\$ 659,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,225,742	\$ 5,222	\$ 1,220,520	23372.7%
Transfers:																
Transfers in from other funds	\$ 107,795	\$ 1,502,594	\$ 3,030,647	\$ -									\$ 4,641,036	\$ -	\$ -	0.0%
Transfers out to other funds	(107,795)	(1,502,594)	(3,030,647)	-									(4,641,036)	-	-	0.0%
Total Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Net Income (Loss)	\$ 240,274	\$ 325,472	\$ 659,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,225,742	\$ 5,222	\$ 1,220,520	23372.7%



ILLINOIS FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND NET INCOME
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
FOR FISCAL YEAR 2017 AS OF SEPTEMBER 30, 2016
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND*	LOCALLY HELD FIRE TRUCK REV LOAN FUND	LOCALLY HELD AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR FUNDS	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	AGENCY FUNDS
Operating Revenues:								
Closing Fees	\$ 1,454,614	\$ -	\$ -	\$ -	\$ 1,454,614	\$ -	\$ 1,454,614	\$ -
Annual Fees	79,828	-	-	-	79,828	-	79,828	-
Administrative Service Fees	161,000	-	-	-	161,000	-	161,000	-
Application Fees	10,900	-	-	-	10,900	-	10,900	-
Miscellaneous Fees	4,846	112,139	-	-	116,985	-	116,985	-
Interest Income-Loans	208,285	3,867	-	8,672	220,824	2,929,020	3,149,844	-
Other Revenue	572	-	-	-	572	-	572	-
Total Operating Revenue:	\$ 1,920,045	\$ 116,006	\$ -	\$ 8,672	\$ 2,044,723	\$ 2,929,020	\$ 4,973,743	\$ -
Operating Expenses:								
Employee Related Expense	\$ 473,888	\$ -	\$ -	\$ -	\$ 473,888	\$ -	\$ 473,888	\$ -
Professional Services	195,994	-	-	133	196,127	-	196,127	-
Occupancy Costs	44,873	-	-	-	44,873	-	44,873	-
General & Administrative	84,674	-	-	36	84,710	-	84,710	-
Interest Expense	-	-	-	773	773	2,933,725	2,934,498	-
Depreciation and Amortization	5,837	-	-	-	5,837	-	5,837	-
Total Operating Expense	\$ 805,266	\$ -	\$ -	\$ 942	\$ 806,208	\$ 2,933,725	\$ 3,739,933	\$ -
Operating Income(Loss)	\$ 1,114,779	\$ 116,006	\$ -	\$ 7,730	\$ 1,238,515	\$ (4,705)	\$ 1,233,810	\$ -
Nonoperating Revenues (Expenses):								
Miscellaneous non-opertg rev/(exp)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment income*	146,584	992	2,915	55,611	206,102	4,705	210,807	8
Realized Gain (Loss) on sale of investment*	(3,814)	-	-	(1,024)	(4,838)	-	(4,838)	-
Net Appreciation (Depr) in fair value of investments*	(31,807)	(155)	(62)	(31,420)	(63,444)	-	(63,444)	-
Total Nonoperating Revenues (Expenses)	\$ 110,963	\$ 837	\$ 2,853	\$ 23,167	\$ 137,820	\$ 4,705	\$ 142,525	\$ 8
Net Income (Loss) Before Transfers	\$ 1,225,742	\$ 116,843	\$ 2,853	\$ 30,897	\$ 1,376,335	\$ -	\$ 1,376,335	\$ 8
Transfers:								
Transfers in from other funds	\$ 4,641,036	\$ -	\$ -	\$ -	\$ 4,641,036	\$ -	\$ 4,641,036	\$ -
Transfers out to other funds	(4,641,036)	-	-	-	(4,641,036)	-	(4,641,036)	-
Total Transfers In (Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income (Loss)	\$ 1,225,742	\$ 116,843	\$ 2,853	\$ 30,897	\$ 1,376,335	\$ -	\$ 1,376,335	\$ 8



ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
September 30, 2016
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND	LOCALLY HELD FIRE TRUCK REV LOAN FUND	LOCALLY HELD AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR FUNDS	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	METRO EAST POLICE DISTRICT COMMISSION
Assets and Deferred Outflows:								
Current Assets:								
Unrestricted:								
Cash & cash equivalents	\$ 16,581,980	\$ -	\$ -	\$ 195,046	\$ 16,777,026	\$ -	\$ 16,777,026	\$ -
Investments	13,200,644	-	-	939,147	14,139,791	-	14,139,791	-
Accounts receivable, Net	723,640	-	-	-	723,640	-	723,640	-
Loans receivables, Net	491,336	-	-	-	491,336	-	491,336	-
Accrued interest receivable	431,837	-	-	3,841	435,678	-	435,678	-
Bonds and notes receivable	573,000	-	-	-	573,000	-	573,000	-
Due from other funds	25,619	-	-	-	25,619	-	25,619	-
Due from other local government agencies	-	-	-	3,000,000	3,000,000	-	3,000,000	-
Prepaid Expenses	215,217	-	-	-	215,217	-	215,217	-
Total Current Unrestricted Assets	\$ 32,243,273	\$ -	\$ -	\$ 4,138,034	\$ 36,381,307	\$ -	\$ 36,381,307	\$ -
Restricted:								
Cash & Cash Equivalents	\$ 2,575,828	\$ 459,251	\$ 2,942,182	\$ 4,102,958	\$ 10,080,219	\$ 553,666,732	\$ 563,746,951	\$ 18,167
Investments	211,434	85,085	35,012	5,426,888	5,758,419	-	5,758,419	-
Accrued interest receivable	579	11,866	123	31,537	44,105	27,498	71,603	-
Due from other funds	-	-	-	-	-	-	-	-
Due from primary government	-	-	-	-	-	-	-	-
Bonds and notes receivable from State component units	-	-	-	-	-	243,273	243,273	-
Loans receivables, Net	-	759,342	235,000	90,849	1,085,191	-	1,085,191	-
Total Current Restricted Assets	\$ 2,787,841	\$ 1,315,544	\$ 3,212,317	\$ 9,652,232	\$ 16,967,934	\$ 553,937,503	\$ 570,905,437	\$ 18,167
Total Current Assets	\$ 35,031,114	\$ 1,315,544	\$ 3,212,317	\$ 13,790,266	\$ 53,349,241	\$ 553,937,503	\$ 607,286,744	\$ 18,167
Non-current Assets:								
Unrestricted:								
Investments	\$ 5,643,942	\$ -	\$ -	\$ 723,976	\$ 6,367,918	\$ -	\$ 6,367,918	\$ -
Loans receivables, Net	533,971	-	-	-	533,971	-	533,971	-
Bonds and notes receivable	15,457,337	-	-	-	15,457,337	-	15,457,337	-
Total Noncurrent Unrestricted Assets	\$ 21,635,250	\$ -	\$ -	\$ 723,976	\$ 22,359,226	\$ -	\$ 22,359,226	\$ -
Restricted:								
Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ 600,000	\$ 600,000	\$ -	\$ 600,000	\$ -
Investments	20,087	-	-	5,247,441	5,267,528	3,272,080	8,539,608	-
Funds in the custody of the Treasurer	-	1,218,768	39,320	17,957,217	19,215,305	-	19,215,305	-
Loans receivables, Net	1,025,333	20,149,125	972,960	1,260,234	23,407,652	-	23,407,652	-
Bonds and notes receivable from primary government	-	-	-	-	-	136,918,901	136,918,901	-
Bonds and notes receivable from State component units	-	-	-	-	-	30,679,965	30,679,965	-
Total Noncurrent Restricted Assets	\$ 1,045,420	\$ 21,367,893	\$ 1,012,280	\$ 25,064,892	\$ 48,490,485	\$ 170,870,946	\$ 219,361,431	\$ -
Capital Assets								
Capital Assets	\$ 801,602	\$ -	\$ -	\$ -	\$ 801,602	\$ -	\$ 801,602	\$ -
Accumulated Depreciation	(774,676)	-	-	-	(774,676)	-	(774,676)	-
Total Capital Assets	\$ 26,926	\$ -	\$ -	\$ -	\$ 26,926	\$ -	\$ 26,926	\$ -
Total Noncurrent Assets	\$ 22,707,596	\$ 21,367,893	\$ 1,012,280	\$ 25,788,868	\$ 70,876,637	\$ 170,870,946	\$ 241,747,583	\$ -
Total Assets	\$ 57,738,710	\$ 22,683,437	\$ 4,224,597	\$ 39,579,134	\$ 124,225,878	\$ 724,808,449	\$ 849,034,327	\$ 18,167
DEFERRED OUTFLOWS OF RESOURCES:								
Deferred loss on debt refunding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 534,973	\$ 534,973	\$ -
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 534,973	\$ 534,973	\$ -
Total Assets & Deferred Inflows of Resources	\$ 57,738,710	\$ 22,683,437	\$ 4,224,597	\$ 39,579,134	\$ 124,225,878	\$ 725,343,422	\$ 849,569,300	\$ 18,167



ILLINOIS FINANCE AUTHORITY
STATEMENT OF NET POSITION
IFA FUNDS AND CUSTODIAL FUND ACTIVITY
September 30, 2016
(PRELIMINARY AND UNAUDITED)

	GENERAL FUND	LOCALLY HELD FIRE TRUCK REV LOAN FUND	LOCALLY HELD AMBULANCE REV LOAN FUND	ALL OTHER NON-MAJOR FUNDS	SUBTOTAL IFA FUNDS	OTHER STATE OF IL DEBT FUNDS	TOTAL ALL FUNDS	METRO EAST POLICE DISTRICT COMMISSION
Liabilities:								
Current Liabilities:								
Payable from unrestricted current assets:								
Accounts payable	\$ 2,237,514	\$ -	\$ -	\$ -	\$ 2,237,514	\$ -	\$ 2,237,514	\$ -
Accrued liabilities	77,189	-	-	-	77,189	-	77,189	-
Due to employees	117,956	-	-	-	117,956	-	117,956	-
Due to primary government	85,001	-	-	-	85,001	-	85,001	-
Other liabilities	-	-	-	-	-	-	-	18,159
Unearned revenue, net of accumulated amortization	217,500	-	-	-	217,500	-	217,500	-
Total Current Liabilities Payable from Unrestricted Current Assets	\$ 2,735,160	\$ -	\$ -	\$ -	\$ 2,735,160	\$ -	\$ 2,735,160	\$ 18,159
Payable from restricted current assets:								
Accrued interest payable	\$ -	\$ -	\$ -	\$ 2,576	\$ 2,576	\$ 3,249,863	\$ 3,252,439	\$ -
Due to other funds	-	-	-	25,619	25,619	-	25,619	-
Bonds and notes payable from primary government	-	-	-	-	-	11,991,537	11,991,537	-
Bonds and notes payable from State component units	-	-	-	-	-	1,530,000	1,530,000	-
Current portion of long term debt	-	-	-	60,584	60,584	-	60,584	-
Other liabilities	-	-	-	-	-	-	-	-
Total Current Liabilities Payable from Restricted Current Assets	\$ -	\$ -	\$ -	\$ 88,779	\$ 88,779	\$ 16,771,400	\$ 16,860,179	\$ -
Total Current Liabilities	\$ 2,735,160	\$ -	\$ -	\$ 88,779	\$ 2,823,939	\$ 16,771,400	\$ 19,595,339	\$ 18,159
Noncurrent Liabilities								
Payable from unrestricted noncurrent assets:								
Noncurrent payables	\$ 585	\$ -	\$ -	\$ -	\$ 585	\$ -	\$ 585	\$ -
Assets	\$ 585	\$ -	\$ -	\$ -	\$ 585	\$ -	\$ 585	\$ -
Payable from restricted noncurrent assets:								
Bonds and notes payable from primary government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 674,413,815	\$ 674,413,815	\$ -
Bonds and notes payable from State component units	-	-	-	-	-	34,158,207	34,158,207	-
Noncurrent portion of long term debt	-	-	-	248,512	248,512	-	248,512	-
Noncurrent loan reserve	-	-	-	562,675	562,675	-	562,675	-
Total Noncurrent Liabilities Payable from Restricted Noncurrent	\$ -	\$ -	\$ -	\$ 811,187	\$ 811,187	\$ 708,572,022	\$ 709,383,209	\$ -
Total Noncurrent Liabilities	\$ 585	\$ -	\$ -	\$ 811,187	\$ 811,772	\$ 708,572,022	\$ 709,383,794	\$ -
Total Liabilities	\$ 2,735,745	\$ -	\$ -	\$ 899,966	\$ 3,635,711	\$ 725,343,422	\$ 728,979,133	\$ 18,159
Net Position:								
Net Investment in Capital Assets	\$ 26,926	\$ -	\$ -	\$ -	\$ 26,926	\$ -	\$ 26,926	\$ -
Restricted for Locally Held Agricultural Guarantees	-	-	-	11,857,383	11,857,383	-	11,857,383	-
Restricted for Public Safety Loans	-	22,566,594	4,221,744	-	26,788,338	-	26,788,338	-
Restricted for Agricultural Guarantees and Rural Development Loans	-	-	-	19,069,923	19,069,923	-	19,069,923	-
Restricted for Renewable Energy Development	-	-	-	2,247,513	2,247,513	-	2,247,513	-
Restricted for Credit Enhancement	-	-	-	600,000	600,000	-	600,000	-
Restricted for Low Income Community Investments	-	-	-	12,225	12,225	-	12,225	-
Unrestricted	53,750,297	-	-	4,861,227	58,611,524	-	58,611,524	-
Current Change in Net Position	1,225,742	116,843	2,853	30,897	1,376,335	-	1,376,335	8
Total Net Position	\$ 55,002,965	\$ 22,683,437	\$ 4,224,597	\$ 38,679,168	\$ 120,590,167	\$ -	\$ 120,590,167	\$ 8
Total Liabilities & Net Position	\$ 57,738,710	\$ 22,683,437	\$ 4,224,597	\$ 39,579,134	\$ 124,225,878	\$ 725,343,422	\$ 849,569,300	\$ 18,167



STATE of ILLINOIS
DETAILED RECEIVABLES SUMMARY (UNAUDITED)
AS OF October 6, 2016

As of October 6, 2016 the Illinois Finance Authority has purchased the following receivables on behalf of the State of Illinois, pursuant to Resolutions 2015-1112-AD11 and 2016-0211-AD07:

Vendor	Payment dates	Amount
Cosgrove Distributors Inc.	12/21/2015	\$9,225.92
	Payment received by IFA	<u>(\$9,225.92)</u>
	Balance due from Cosgrove Distributors	\$0.00
Grayboy Building Maintenance	12/16/2015	\$15,790.36
	Payment received by IFA	<u>(\$12,672.36)</u>
	Balance due from Grayboy Building Maint.	\$3,118.00
M. J. Kellner Co. Inc.	12/28/2015	\$1,806,912.20
M. J. Kellner Co. Inc.	3/31/2016	1,929,224.10
	Payment received by IFA	<u>(\$3,204,077.92) *</u>
	Balance due from M.J. Kellner	\$532,058.38
Smith Maintenance Company	11/25/2015	\$251,665.26
Smith Maintenance Company	12/29/2015	125,832.63
Smith Maintenance Company	2/10/2016	129,811.11
Smith Maintenance Company	3/21/2016	151,826.83
Smith Maintenance Company	4/14/2016	151,826.83
Smith Maintenance Company	5/19/2016	151,826.83
Smith Maintenance Company	6/23/2016	107,795.38
Smith Maintenance Company	7/21/2016	107,795.38
		<u>\$1,178,380.25</u>
	Payment received by IFA	<u>(1,178,380.25)</u>
	Balance due from Smith Maintenance	\$0.00
Sysco St. Louis LLC	12/16/2015	\$32,418.85
Total State of Illinois Assigned/Purchased Receivables		\$4,971,951.65
Total State of Illinois Assigned/Purchased Receivables Payment Received		\$4,404,356.45
Balance due from State of Illinois Assigned/Purchased Receivables		<u>\$567,595.23</u>

- Substitution of approximately \$471,750 in assigned receivables in process with CMS and DOC

**LOCAL GOVERNMENT LISTING
OUTSTANDING BALANCE AS OF
September 30, 2016**

Customer Name	Customer Balance
Adams County Water District #1	\$ 145,536.70
AVOCA Drainage District	\$ 520,000.00
Central Macoupin Co. Rural Water District	\$ 235,000.00
Cissna Park Fire Protection District	\$ 310,000.00
City of Aledo	\$ 470,000.00
City of Benton	\$ 135,000.00
City of Bunker Hill	\$ 325,000.00
City of Bunker Hill	\$ 170,000.00
City of Girard	\$ 645,000.00
City of Herrin	\$ 285,000.00
City of Petersburg	\$ 130,000.00
City of Pittsfield	\$ 70,400.00
City of Shawneetown	\$ 74,800.00
City of Sumner	\$ 45,000.00
City of Sumner	\$ 29,600.00
City of Warsaw	\$ 290,000.00
City of Yorkville	\$ 945,000.00
Curran Gardner Township Water	\$ 2,422,000.00
Momence Park District	\$ 85,000.00
Mt. Zion Fire Protection District	\$ 660,000.00
Nebo Water System	\$ 20,000.00
Piasa Township Sewer District	\$ 30,000.00
Pike County Water District	\$ 155,000.00
Riverton Area Fire Protec Dist	\$ 720,000.00
Town of Matherville	\$ 150,000.00
Village of Annawan	\$ 200,000.00
Village of Blue Mound	\$ 30,000.00
Village of Blue Mound	\$ 40,000.00
Village of Brownstown	\$ 45,000.00
Village of Brownstown	\$ 94,700.00
Village of Campus	\$ 30,000.00
Village of Carbon Hill	\$ 105,000.00

**LOCAL GOVERNMENT LISTING
OUTSTANDING BALANCE AS OF
September 30, 2016**

Customer Name	Customer Balance
Village of Cooksville	\$ 305,000.00
Village of Cowden	\$ 240,000.00
Village of Farmersville	\$ 519,999.99
Village of Green Valley	\$ 65,000.00
Village of Harmon	\$ 265,000.00
Village of Hopkins Park	\$ 40,000.00
Village of Iuka	\$ 135,000.00
Village of Junction City	\$ 35,000.00
Village of Kane	\$ 560,000.00
Village of Kingston Mines	\$ 125,000.00
Village of Maeystown	\$ 125,000.00
Village of Magnolia	\$ 210,000.00
Village of Malden	\$ 39,500.00
Village of Malta	\$ 14,700.00
Village of Nebo Sewer System	\$ 20,000.00
Village of Niantic	\$ 19,800.00
Village of Palmyra	\$ 123,000.00
Village of Pamana	\$ 30,000.00
Village of Pierron	\$ 230,300.00
Village of Rutland	\$ 20,000.00
Village of Sheffield	\$ 120,800.00
Village of Steward	\$ 29,600.00
Village of Stockton	\$ 64,200.00
Village of Taylor Springs	\$ 65,000.00
Village of Thomson	\$ 2,396,400.00
Village of Waynesville	\$ 420,000.00
Village of Williamsville	\$ 105,000.00
Winthrop Harbor School District	\$ 95,000.00
Total Outstanding Balance	\$ 16,030,336.69
Total Number of Local Governments	\$ 60

FIRE TRUCK REVOLVING LOAN FUND
OUTSTANDING BALANCE AS OF
September 30, 2016

Alhambra Community Fire Protection Dist	\$	77,330.25
Allin Fire Protection District	\$	90,000.00
Annawan Alba FPD	\$	332,500.00
Apple River Fire Department	\$	162,500.00
Arcola Fire Protection District	\$	105,000.00
Beardstown Fire Department	\$	97,528.47
Beaverville Fire Protection District	\$	43,916.76
Beckemeyer-Wade Fire Protection District	\$	23,400.00
Bellmont Volunteer Fire Department	\$	20,794.95
Bethany Fire Protection District	\$	350,000.00
Bishop Hill Community Fire Protection Dist	\$	160,000.01
Broadlands-Longview Fire Protection Dist	\$	65,000.00
Brocton Fire District	\$	62,694.20
Browns Fire Department	\$	17,640.55
Bunker Hill Fire Protection District	\$	162,246.00
Camargo Countryside Fire Protection Dist	\$	42,000.00
Camp Point Fire Protection District	\$	285,000.00
Catlin Fire Protection District	\$	41,204.02
Chadwick Fire Protection District	\$	162,500.00
Chapin Village of Fire Department	\$	80,000.00
Charleston Fire & Rescue	\$	50,000.02
Chatsworth Fire Protection	\$	105,301.56
Chester Fire Department	\$	54,000.00
Chrisman Fire Protection District	\$	175,000.00
Cissna Park Fire Protection District	\$	92,074.05
City of Carmi	\$	325,000.00
City of Chillicothe	\$	175,000.00
City of DeKalb Fire Department	\$	199,999.99
City of Fairfield	\$	350,000.00
City of Johnston City	\$	175,000.00
City of Lincoln	\$	137,500.00
City of Mendota Fire Protection District	\$	11,583.60
City of Pittsfield, C/O Fire Departement	\$	135,000.00
City of Quincy Fire Department	\$	175,000.00
City of Savanna	\$	119,764.20
City of Urbana	\$	332,500.00

FIRE TRUCK REVOLVING LOAN FUND
OUTSTANDING BALANCE AS OF
September 30, 2016

City of Virginia	\$	143,000.00
City of Wood River	\$	137,500.00
Clover Township Fire Protect District	\$	100,000.00
Cordova Fire Protection District	\$	297,500.00
Countyside FPD	\$	133,184.32
Crescent-Iroquois Fire Protection District	\$	81,750.00
Cuba Fire Protection District	\$	170,250.00
Deer Creek Fire Protection District	\$	56,500.00
Des Plaines Fire Department	\$	175,000.00
Dieterich Fire Protection District	\$	16,400.00
East Alton Fire Department	\$	350,000.00
East Dubuque Fire Department	\$	14,396.28
Fairbury Fire Department	\$	82,785.15
Fairfield Rural Fire Protection District	\$	135,550.00
Fairview Fire Protection District	\$	86,927.25
First Fire FPD of Antioch Town	\$	288,000.00
Flanagan-Graymont Fire Protection	\$	112,500.00
Garden Homes Fire Protection District	\$	110,250.00
Germantown Rural Fire Protection District	\$	23,022.33
Gifford Fire Protection District	\$	49,022.50
Godfrey Fire Protection District	\$	175,000.00
Green Valley Fire Protection District	\$	26,358.00
Green Valley Fire Protection District	\$	11,576.91
Hebron-Alden-Greenwood FPD	\$	270,000.00
Hecker Fire Protection District	\$	162,500.00
Hutton Fire Protection District	\$	87,120.00
Iuka Fire Protection District	\$	42,750.00
Kankakee Fire Department	\$	80,000.00
Kankakee Township FPD	\$	212,500.00
Kenney Fire Protection District	\$	52,250.00
Kewanee Fire Department	\$	326,054.17
Lake Egypt Fire Protection District	\$	350,000.00
Lamard Township Fire Protection Distrriect	\$	56,000.00
Lansing Fire District	\$	88,000.00
Latham Fire Protection District	\$	76,000.00
Lee Fire Protection District	\$	79,600.00
Leland Fire Protection District	\$	104,547.65

FIRE TRUCK REVOLVING LOAN FUND
OUTSTANDING BALANCE AS OF
September 30, 2016

Lenore Fire Department	\$	73,214.57
LeRoy Community Fire Protection District	\$	45,000.00
Lewiston Fire District	\$	63,000.00
Lexington Community Fire Protection Dist	\$	129,965.00
Lovington Fire Protection District	\$	156,000.00
Manhattan FPD	\$	75,000.00
Marengo Fire Protection District	\$	165,870.00
Marissa Fire Protection District	\$	350,000.00
Maroa Countryside Fire Protection Departn	\$	51,980.80
Mendon Fire Protection Department	\$	204,000.00
Mendota Fire Protection District	\$	50,416.39
Merrionette Park, Village	\$	10,000.00
Middletown FPD	\$	61,000.01
Milledgeville Fire District	\$	232,000.00
Millstadt FPD	\$	175,000.00
Mount Olive Fire Protection District	\$	229,166.67
Mt. Hope Funks Grove Fire Protection	\$	127,500.00
New Holland Fire Protection District	\$	43,598.50
New Lenox FPD	\$	162,500.00
Newark Fire Protection Department	\$	30,000.00
Newport Fire Protection District	\$	332,500.00
Niantic FPD	\$	147,058.48
Nokomis Area FPD	\$	142,401.09
North Pike FPD	\$	68,250.00
Northern Piatt Fire Protection District	\$	202,500.00
Octavia FPD	\$	13,330.03
Onley Fire District	\$	350,000.00
Orangeville Fire Protection District	\$	350,000.00
Palatine Rural FPD	\$	175,000.00
Papineau fire Protection District	\$	32,892.33
Patoka Fire Protection District	\$	90,655.00
Peoria Height Fire Department	\$	125,000.00
Peotone FPD	\$	162,500.00
Pesotum Fire Protection District	\$	92,075.20
Pocahontas - Ripley FPD	\$	155,725.50
Prospect Heights Fire Protection District	\$	131,428.58
Rankin Fire Protection District	\$	87,500.00

FIRE TRUCK REVOLVING LOAN FUND
OUTSTANDING BALANCE AS OF
September 30, 2016

Robinson, City of Fire Department	\$	87,898.05
Rochester FDP	\$	118,697.45
Rossville Fire Protection District	\$	63,000.00
Sadorus Fire Protection District	\$	97,500.00
Sandwich Community FPD	\$	162,500.00
Sauk Village Fire Department	\$	350,000.00
Savanna Fire Department	\$	127,096.77
Serena Community Fire Protection District	\$	315,000.00
Sheffield Fire Protection District	\$	80,000.00
Shelbyville Fire Protection District	\$	137,074.00
Sherman Fire Protection Department	\$	136,500.00
South Roxana Fire Protection District	\$	198,000.00
Spring Creek Fire Protection District	\$	88,924.00
Spring Grove Fire Protection District	\$	162,500.00
Strasburg Fire Protection District	\$	62,840.70
Sublette Fire Protection District	\$	82,946.25
Sullivan FPD	\$	100,000.00
Table Grove Fire Department	\$	36,925.00
Thomasboro FPD	\$	115,384.64
Toluca -Rutland Fire Protection District	\$	278,350.00
Union Fire Protection Department	\$	174,250.00
Unit #7 Fire Protection Department	\$	120,000.00
Ursa Fire Protection District	\$	113,750.00
Valmeyer FPD	\$	133,000.00
Vienna Fire Department	\$	79,600.00
Village of Carrier Mills Fire Department	\$	60,000.00
Village of Lincolnwood	\$	175,000.00
Village of Percy Fire Department	\$	35,000.00
Village of Port Byron	\$	137,500.00
Village of Robbins Fire Protection Dept	\$	123,750.00
Village of Roxana Fire Department	\$	62,500.00
Village of Western Springs	\$	350,000.00
Village of Willmette Fire Protection Depart	\$	212,500.00
Waltonville Fire Protection District	\$	22,500.00
Warren Fire Department	\$	88,165.60
Wauconda FPD	\$	175,000.00
Wayne Fire Protection Distric, #1	\$	30,000.00

FIRE TRUCK REVOLVING LOAN FUND
OUTSTANDING BALANCE AS OF
September 30, 2016

West Brooklyn Fire Protection District	\$	212,500.00
Westfield Township Fire Protection Distric	\$	168,235.30
White Hall Fire Department	\$	112,122.01
Williamson County Fire District	\$	90,000.00
Williamsville Fire Protection District	\$	162,500.00
Win-Bur-Sew Fire Protection Department	\$	200,000.00
WoodstockFire/Rescue Dist	\$	162,500.00
Worth Fire Department	\$	55,157.00
Total Outstanding Balance		\$ 20,908,468.11
Total Number of Fire Truck Loans		155

**AMBULANCE REVOLVING LOAN FUND
OUTSTANDING BALANCE AS OF
September 30, 2016**

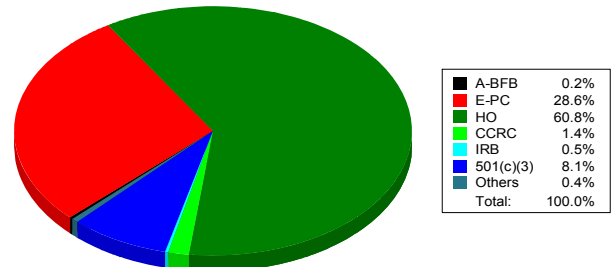
Annawan Alba FPD	\$ 100,000.00
City of East Dubuque	\$ 100,000.00
City Of Kewanee	\$ 30,000.00
Eastern McLean County Ambulance Assn	\$ 100,000.00
Fulton Fire Protection District	\$ 30,000.00
Gardner Volunteer Fire Department	\$ 40,000.00
Gillespie-Benld Area Ambulance Service	\$ 100,000.00
Marengo Rescue Squad	\$ 100,000.00
Menard County Emergency Medical Svcs	\$ 30,000.00
Palos FPD	\$ 100,000.00
Pleasantview FPD	\$ 100,000.00
Sandoval Fire Protection District	\$ 100,000.00
Sugar Creek Ambulance Service	\$ 100,000.00
Sullivan FPD	\$ 100,000.00
Village of LaGrange Park FD	\$ 25,000.00
Village of North Riverside Fire Department	\$ 25,000.00
Win-Bir-Sew Fire Protection District	\$ 27,960.00
Total Outstanding Balance	\$ 1,207,960.00
Total Number of Ambulance Loans	17

Bonds Issued - Fiscal Year Comparison for the Period Ending September 30, 2016

Fiscal Year 2015

#	Market Sector	Principal Issued
15	Agriculture - Beginner Farmer	4,154,742
4	Education	788,149,000
11	Healthcare - Hospital	1,416,385,000
1	Healthcare - CCRC	39,640,000
2	Industrial Revenue	14,000,000
11	501(c)(3) Not-for-Profit	236,986,075
1	Local Government	12,000,000
<u>45</u>		<u>\$ 2,511,314,817</u>

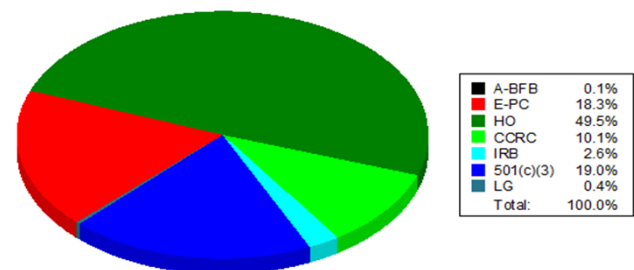
Bonds Issued in Fiscal Year 2015



Fiscal Year 2016

#	Market Sector	Principal Issued
14	Agriculture - Beginner Farmer	3,762,495
10	Education	692,515,000
13	Healthcare - Hospital	1,869,903,000
6	Healthcare - CCRC	381,762,000
1	Industrial Revenue	100,000,000
9	501(c)(3) Not-for-Profit	717,050,000
1	Local Government	14,540,000
<u>54</u>		<u>\$3,779,532,495</u>

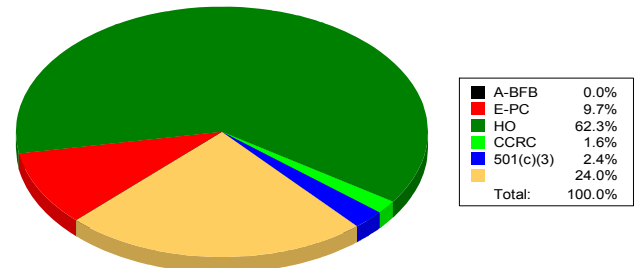
Bonds Issued in Fiscal Year 2016



Fiscal Year 2017

#	Market Sector	Principal Issued
5	Agriculture - Beginner Farmer	702,150
3	Education	201,555,000
5	Healthcare - Hospital	1,296,587,000
1	Healthcare - CCRC	32,500,000
2	501(c)(3) Not-for-Profit	50,810,000
1	Local Government	500,000,000
<u>17</u>		<u>\$2,082,154,150</u>

Bonds Issued in Fiscal Year 2017



Bond Issuance Analysis

The Authority issued \$887,280,750 in conduit debt during the month of September, 2016. This is 16 % lower than September, 2015 at \$1,061,455,000. Total issuance for FY 2017 is \$2,082,154,150. This is 41% higher than the same period as of September 30, 2015 at \$1,226,272,000. The Illinois Environmental Protection Agency partnered with the IFA to issue \$500,000,000 in principal for the Clean Water Initiative Series 2016 on September 12, 2016. This bond is 56% of the total issuance the month of September, 2016 and 24% of the total issuance for the FY 2017.



**Bonds Issued and Outstanding
as of
September 30, 2016**

Bonds Issued between July 01, 2016 and September 30, 2016

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Initial Interest Rate</u>	<u>Principal Issued</u>	<u>Bonds Refunded</u>
A-BFB Beginning Farmer Bonds	07/01/2016	Variable	702,150	0
E-PC Illinois Wesleyan University	07/13/2016	Fixed at Schedule	56,775,000	56,775,000
501(c)(3) Better Housing Foundation	07/29/2016	Fixed at Schedule	13,560,000	0
E-PC Mount Caramel High School	08/01/2016	Variable	22,000,000	13,200,000
HO The Newman Foundation	08/02/2016	Variable	32,667,000	32,667,000
HO Presence Health	08/16/2016	Fixed at Schedule	1,000,000,000	1,000,000,000
CCRC Smith Village	08/17/2016	Variable	32,500,000	32,500,000
501(c)(3) The Art Institute of Chicago	08/25/2016	Fixed at Schedule	37,250,000	37,250,000
E-PC DePaul University	09/01/2016	Fixed at Schedule	122,780,000	115,000,000
LG Clean Water Initiative	09/12/2016	Fixed at Schedule	500,000,000	0
HO OSF HealthCare System	09/27/2016	Fixed at Schedule	114,375,000	114,375,000
HO Riverside Medical Center	09/27/2016	Fixed at Schedule	79,545,000	79,545,000
HO The Moorings of Arlington Heights, LLC	09/30/2016	Fixed at Schedule	70,000,000	0
Total Bonds Issued as of September 30, 2016			<u>\$ 2,082,154,150</u>	<u>\$ 1,481,312,000</u>

Legend: Fixed Rate Bonds as shown
 DP-VRB = initial interest rate at the time of issuance on a Direct Purchase Bond
 VRB = initial interest rate at the time of issuance on a Variable Rate Bond that does not include the cost of the LOC arrangement.
 Beginner Farmer Bonds interest rates are shown in section below.

Beginner Farmer Bonds Funded between July 01, 2016 and September 30, 2016

<u>Date Funded</u>	<u>Initial Interest Rate</u>	<u>Loan Proceeds</u>	<u>Acres</u>	<u>County</u>
07/29/2016	3.25	122,400	40.00	Jasper
09/08/2016	3.00	83,750	45.00	Richland
09/08/2016	3.25	401,000	45.00	Edgar
09/15/2016	3.25	47,500	40.00	Clay
09/15/2016	3.25	47,500	40.00	Clay
Total Beginner Farmer Bonds Issued		<u>\$ 702,150</u>	<u>210.00</u>	

ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^(a)

Conduit debt issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)] which does not constitute an indebtedness or an obligation, either general or moral, or a pledge of the full faith or a loan of the Authority, the State of Illinois or any Political Subdivision of the State within the purview of any constitutional or statutory limitation or provisions with special limited obligations of the Authority secured under provisions of the individual Bond Indentures and Loan Agreements with the exception of the bonds identified below in Section I (b) -- General Purpose Moral Obligation/State Component Parts -- which are subject to the \$28.15B cap in Section 845-5(a).

Section I (a)

Section I (a)		Principal Outstanding**		Program Limitations	Remaining Capacity
		June 30, 2016	September 30, 2016		
Illinois Finance Authority "IFA" ^[b]					
	Agriculture	\$	52,075,647	\$	53,043,297
	Education		4,498,937,420		4,483,899,703
	Healthcare		15,445,649,941		15,839,405,795
	Industrial Development [includes Recovery Zone/Midwest Disaster]		776,578,781		769,677,202
	Local Government		315,810,000		804,090,000
	Multifamily/Senior Housing		157,016,668		156,362,985
	501(c)(3) Not-for Profits		1,618,506,027		1,586,243,664
	Exempt Facilities Bonds		199,915,000		149,915,000
1	Total IFA Principal Outstanding	\$	23,064,489,484	\$	23,842,637,646
Illinois Development Finance Authority "IDFA" ^[b]					
	Education		496,388		496,388
	Healthcare		77,000,000		77,000,000
	Industrial Development		208,452,809		204,664,244
	Local Government		225,377,285		225,377,285
	Multifamily/Senior Housing		83,679,117		83,639,117
	501(c)(3) Not-for Profits		609,285,369		589,808,504
	Exempt Facilities Bonds				
	Total IDFA Principal Outstanding	\$	1,204,290,968	\$	1,180,985,538
Illinois Rural Bond Bank "IRBB" ^[b]					
	Total IRBB Principal Outstanding	\$	-	\$	-
	Illinois Health Facilities Authority "IHFA"	\$	627,152,426	\$	464,524,998
	Illinois Educational Facilities Authority "IEFA"	\$	570,443,000	\$	457,197,000
	Illinois Farm Development Authority "IFDA" ^[f]	\$	15,587,111	\$	15,639,526

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(a)]

Section I (b)

Section I (b)	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2016	September 30, 2016		
General Purpose Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/801-40(w)]				
* Issued through IRBB - Local Government Pools				
*Issued through IFA - Local Government Pools				
Issued through IFA - Illinois Medical District Commission				
	33,425,000	33,425,000		
Total General Moral Obligations	\$ 33,425,000	\$ 33,425,000	\$ 150,000,000	\$ 116,575,000
* All the Local Government bonds were defeased as of August 1, 2014.				
Financially Distressed Cities Moral Obligations				
Illinois Finance Authority Act [20 ILCS 3501/825-60]				
Issued through IFA	\$ -	\$ -		
Issued through IDFA	-	-		
Total Financially Distressed Cities	\$ -	\$ -	\$ 50,000,000	\$ 50,000,000
State Component Unit Bonds ^[c]				
Issued through IDFA ^[1]	-	-		
Issued through IFA ^[1]	99,938,207	589,668,025		
Total State Component Unit Bonds	\$ 99,938,207	\$ 589,668,025		

Designated exclusive Issuer by the Governor of the State of Illinois to issue Midwestern Disaster Area Bonds in Illinois. This Federal program expired as of December 31, 2012.

Section I (c)

	Principal Outstanding		Remaining MDAB Volume Cap
	June 30, 2016	September 30, 2016	
Midwestern Disaster Area Bonds [Flood Relief]	\$ 64,515,158	\$ 64,329,967	N/A

Designated by the Governor of the State of Illinois to manage and coordinate the re-allocation of Federal ARRA Volume Cap and the issuance of Recovery Zone Bonds in the State of Illinois to fully utilize RZBs before December 31, 2010.

Section I (d)

	ARRA Act of 2009 Volume Cap Allocated ^(h)	City/Counties Ceded Voluntarily to/(by) IFA	Bonds issued as of December 31, 2014	Remaining ARRA Volume Cap for each Program as of December 31, 2014
Recovery Zone Economic Development Bonds**	\$ 666,972,000	\$ 16,940,000	\$ 12,900,000	N/A
Recovery Zone Facilities Bonds**	\$ 1,000,457,000	\$ 204,058,967	\$ 214,849,804	N/A
Qualified Energy Conservation Bonds***	\$ 133,846,000	\$ (17,865,000)	\$ 82,795,000	IFA Cap: \$4,755,783 Cities/Counties Cap: \$46,295,717

** Programs expired as of 12/31/2010. There have been no new issues subsequent to the expiration date of these Federal programs.

*** The IFA manages the QECB allocation for the entire State of Illinois. All QECB's to date have been issued by local governments or state universities. The QECB program currently has no set expiration date under Federal law. IFA's remaining QECB allocation of \$4,755,783 has been reserved for use by state universities.

ILLINOIS FINANCE AUTHORITY

Schedule of Debt ^[a]

Issued under the Illinois Finance Authority Act [20 ILCS 3501/845-5(b)]

Section II

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2016	September 30, 2016		
Illinois Power Agency	\$ -	\$ -	\$ 4,000,000,000	\$ 4,000,000,000

Illinois Finance Authority Act [20 ILCS 3501 Section 825-65(f); 825-70 and 825-75] - see also P.A. 96-103 effective 01/01/2010

Section III

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2016	September 30, 2016		
Clean Coal, Coal, Renewable Energy and Energy Efficiency Projects	\$ -	\$ -	\$ 3,000,000,000 ^[d]	\$ 3,000,000,000

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 830-25 (see also P.A.96-103); 830-30; 830-35; 830-45 and 830-50]

Section IV

	Principal Outstanding		Program Limitations	Remaining Capacity	State Exposure
	June 30, 2016	September 30, 2016			
Agri Debt Guarantees [Restructuring Existing Debt] Fund # 994 - Fund Balance \$10,064,575	\$ 6,824,437	\$ 6,948,883	\$ 160,000,000	\$ 153,051,117	\$ 5,906,550
AG Loan Guarantee Program Fund # 205 - Fund Balance \$7,892,642	\$ 7,111,930	\$ 7,859,207	\$ 225,000,000 ^[e]	\$ 217,140,793	\$ 6,680,326
Agri Industry Loan Guarantee Program	\$ 3,693,098	\$ 3,522,879			2,994,447
Farm Purchase Guarantee Program	886,805	886,805			753,785
Specialized Livestock Guarantee Program	1,681,563	2,599,059			2,209,200
Young Farmer Loan Guarantee Program	850,464	850,464			722,895
Total State Guarantees	\$ 13,936,368	\$ 14,808,090	\$ 385,000,000	\$ 370,191,910	\$ 12,586,876

Issued under the Illinois Finance Authority Act [20 ILCS 3501 Sections 825-80 and 825-85]

Section V

			Principal Outstanding		Cash and Investment Balance
			June 30, 2016	September 30, 2016	
132	Fire Truck Revolving Loan Program	Fund # 572	\$ 21,265,564	\$ 20,908,468	\$ 1,763,104
8	Ambulance Revolving Loan Program	Fund # 334	\$ 247,280	\$ 1,207,960	\$ 3,016,514

Note: Due to deposits in transit, the Fund Balance at the IOC may differ from the IFA General Ledger. In May, 2014 the OSF transferred the Fund Balance to a Locally Held Fund by the IFA.

Issued under the Illinois Environmental Facilities Financing Act [20 ILCS 3515/9]

Section VI

	Principal Outstanding		Program Limitations	Remaining Capacity
	June 30, 2016	September 30, 2016		
Environmental [Large Business] Issued through IFA Issued through IDFA	\$ 15,535,000 113,710,000	\$ 14,575,000 110,520,000		
Total Environmental [Large Business]	\$ 129,245,000	\$ 125,095,000	\$ 2,425,000,000	\$ 2,299,905,000
Environmental [Small Business]	\$ -	\$ -	\$ 75,000,000	\$ 75,000,000
Total Environment Bonds Issued under Act	\$ 129,245,000	\$ 125,095,000	\$ 2,500,000,000	\$ 2,374,905,000

Illinois Finance Authority Funds at Risk

Section VII

	Original Amount	Principal Outstanding	
		June 30, 2016	September 30, 2016
Participation Loans			
Business & Industry	23,020,158	422,129	417,194
Agriculture	6,079,859		
Participation Loans excluding Defaults & Allowances	29,100,017	422,129	417,194
Plus: Legacy IDFA Loans in Default		843,173	843,173
Less: Allowance for Doubtful Accounts		960,726	960,726
Total Participation Loans		288,943	299,642
Local Government Direct Loans	1,289,750	103,000	103,000
Rural Bond Bank Local Government Note Receivable		17,179,937	15,514,637
FmHA Loans	963,250	185,778	180,506
Renewable Energy [RED Fund]	2,000,000	1,206,055	1,181,725
Total Loans Outstanding	34,353,017	18,963,713	17,279,510
IRBB funds were defeased and transferred into a note receivable with the IFA.			

Higher Education Loan Act (110 ILCS 945 or "HELA")

Section VIII

	Principal Outstanding		Statutory Debt Limitation	Remaining HELA Debt Limitation
	June 30, 2015	September 30, 2016		
Midwestern University Foundation - Student Loan Program Revenue Bonds	\$ 15,000,000	\$ 15,000,000	\$ 200,000,000 ^[d]	\$ 185,000,000

^[a] Total subject to change; late month payment data may not be included at issuance of report.^[b] State Component Unit Bonds included in balance.^[c] Does not include Unamortized issuance premium as reported in Audited Financials.^[d] Program Limitation reflects the increase to \$3 billion effective 01/01/2010 under P.A. 96-103.^[e] Program Limitation reflects the increase from \$75 million to \$225 million effective 01/01/2010 under P.A. 96-103.^[f] Beginner Farmer Bonds are currently updated annually; new bonds will be added under the Illinois Finance Authority when the bond closes.^[g] Midwestern Disaster Area Bonds - Illinois Counties eligible for Midwest Disaster Bonds included Adams, Calhoun, Clark, Coles, Crawford, Cumberland, Douglas, Edgar, Hancock, Henderson, Jasper, Jersey, Lake, Lawrence, Mercer, Rock Island, Whiteside and Winnebago.^[h] Recovery Zone Facility Revenue Bonds - Federal government allocated volume cap directly to all 102 Illinois counties and 8 municipalities with population of 100,000 or more. [Public Act 96-1020]^[i] Includes EPA Clean Water Revolving Fund^{**} Conduit balances are unaudited as of June 30, 2016.



ILLINOIS FINANCE AUTHORITY
MEMORANDUM

PRELIMINARY AND UNAUDITED

Amounts are estimated and unaudited

To: Illinois Finance Authority Board of Directors
From: Ximena (Six) Granda - Controller
Date: October 13, 2016
Re: Monthly Procurement Report

CONTRACTS EXECUTED

Services Provided	Vendor	Proposed Initial Term (Yrs)	Estimated Start/End	Estimated Not to Exceed (NTE) Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Expense
<i>Illinois Procurement Code-Small Purchases</i>							
HP Data Cartridges and Cleaning Cartridges	Malelo and Company	26 mos	01/15-10/16	3,357	-	-	-
Record Storage and Moving Services	East Bank Storage, Inc.	1	09/16-08/18	\$ 20,000	\$ 39,300	\$ 39,300	\$ 10,000

CONTRACTS PENDING EXECUTION

Services Provided	Vendor	Proposed Initial Term (Yrs)	Estimated Start/End	Estimated Not to Exceed (NTE) Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Expense
<i>Illinois Procurement Code-Sole Source Award (Upon CPO Approval)</i>							
Bond Ratings for SRF 2016 Series Bonds	Fitch Ratings, Inc	2 mos	08/16-10/16	160,000	-	-	-
Bond Ratings for SRF 2016 Series Bonds	S&P Global, Inc	3 mos	08/16-10/17	160,000	-	-	-

EXPIRED AND EXPIRING CONTRACTS

Services Provided	Vendor	Previous Term (Yrs)	Start/End	Estimated Not to Exceed (NTE) Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Expense
<i>Illinois Procurement Code-Competitive Bids/Proposals</i>							
Temporary Finance/Procurement/Compliance Staffing	Accounting Principals, Inc.	6 mos	04/16-10/16	\$ 302,724	\$ 71,103	\$ 71,103	\$ 605,448
IT Network Consulting Services	Catalyst Consulting, Inc.	9 mos	03/16-12/16	67,500	30,000	30,000	60,000
Loan Management Services	Mabsco, Inc.	9 mos	03/16-12/16	75,000	25,000	25,000	100,000
<i>Illinois Procurement Code-Small Purchases</i>							
Bloomberg Anywhere License for Remote Access to Services	Bloomberg Finance L.P.	2	12/14-12/16	\$ 37,538	\$ 42,000	\$ 37,538	\$ 18,769
Cloud based file sharing	DropBox	1	02/16-02/17	1,670	1,670	1,670	1,670
Water filtration annual lease	First Choice Coffee Services	1	02/16-02/17	699	699	699	699
Renewal for domain name 'www.il-fa'	Network Solutions	2	01/15-01/17	152	152	152	76
Cisco Smart Net firewall and router support	AT&T	1	10/13-10/16	\$ 1,257	-	-	-

UPCOMING RENEWALS

Services Provided	Vendor	Proposed Renewal Term (Yrs)	Start/End	Estimated Not to Exceed (NTE) Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Expense
<i>IFA Exemption for Professional and Artistic, Legal or Financial Services-Competitive Bids/Proposals</i>							
Trustee/Custodial Services for State Revolving Fund and the Authority	Amalgamated Bank of Chicago	2	11/16-11/18	\$ 32,000	\$ 32,000	\$ 32,000	\$ 16,000
Investment Management Services for the Locally Held funds	Clear Arc Capital, Inc.	2	12/16-12/18	N/A	-	-	33,014
Anticipation of Litigation	Jenner & Block LLP	1	12/15-12/16	\$ 125,000	-	-	-
Anticipation of Litigation	Jenner & Block LLP	3	02/13-02/17	\$ 250,000	-	-	-
Legal, Financial Advisory, Trustee	G&R Public Law & Strategies, LLC	1	11/15-11/16	\$ 50,000	-	-	-
<i>Illinois Procurement Code-Small Purchases</i>							
Temporary Finance/Procurement/Compliance/IT Staffing	Accounting Principals	2 mos	10/16-12/16	\$ 29,846	\$ 302,724	\$ 302,724	\$ 605,448
Bloomberg Terminal License for Access to Services	Bloomberg Finance L.P.	2	12/16-12/18	\$ 43,920	\$ 42,000	\$ 37,538	\$ 18,769

UPCOMING SOLICITATIONS

Services Provided	Vendor	Proposed Initial Term (Yrs)	Start/End	Estimated Not to Exceed (NTE) Value	Prior Contract NTE Value	Prior Contract Expense	Avg Yrly Expense
<i>Illinois Procurement Code-Competitive Bids/Proposals</i>							
Temporary Finance/Procurement/Compliance/IT Staffing	Anticipated award Nov 2016	2	11/16-10/18	N/A	\$ 302,724	\$ 302,724	\$ 605,448
IT Network Consulting Services	Anticipated award Nov 2016	3	01/17-12/19	N/A	67,500	30,000	30,000
Employee Benefits and Payroll Services	Anticipated award Apr 2017	5	06/17-05/22	N/A	353,518	353,518	353,518
Insurance Brokering Services	Anticipated award May 2017	3	06/17-06/20	N/A	300,000	300,000	300,000
Enterprise Mobility Management Software	Anticipated award Nov 2017	2	11/16-10/18	4,800	-	-	-
<i>IFA Exemption for Professional and Artistic, Legal or Financial Services-Competitive Bids/Proposals</i>							
Bank Custodian Services	Anticipated award Nov 2016	3	01/17-12/20	N/A	\$ 7,000	\$ 2,000	\$ 2,000
Loan Management Services	Anticipated award Nov 2016	3	12/16-12/19	75,000	25,000	25,000	100,000

For comparison purposes only. Includes only the initial term, not renewals.

ILLINOIS FINANCE AUTHORITY

Memorandum

To: IFA Board of Directors
From: Lorrie Karcher and Patrick Evans
Date: October 13, 2016
Re: Overview Memo for Beginning Farmer Bonds

- **Borrower/Project Name:** Beginning Farmer Bonds
- **Locations:** Throughout Illinois
- **Board Action Requested:** Final Bond Resolution for the attached projects
- **Amount:** Up to \$520,000 maximum of new money for each project
- **Project Type: Beginning Farmer Revenue Bonds**
- **Total Requested: \$403,750**
- **Calendar Year Summary:** (as of October 13, 2016)
 - Volume Cap: \$10,000,000
 - Volume Cap Committed: \$2,831,120
 - Volume Cap Remaining: \$7,168,610
 - Average Farm Acreage: 64
 - Number of Farms Financed: 15
- **IFA Benefits:**
 - **Conduit Tax-Exempt Bonds** – no direct IFA or State funds at risk
 - **New Money Bonds:**
 - Convey tax-exempt status
 - Will use dedicated 2016 IFA Volume Cap set-aside for Beginning Farmer Bond transactions
- **IFA Fees:**
 - One-time closing fee will total 1.50% of the bond amount for each project
- **Structure/Ratings:**
 - Bonds to be purchased directly as a nonrated investment held until maturity by the Borrower's bank (the "Bank")
 - The Bank will be secured by the Borrower's assets, as on a commercial loan
 - Interest rates, terms, and collateral are negotiated between the Borrower and the Bank, just as with any commercial loan
 - Workouts are negotiated directly between each Borrower and Bank, just as on any secured commercial loan
- **Bond Counsel:** **Burke, Burns & Pinelli, Ltd.**
Stephen F. Welcome, Esq.
Three First National Plaza, Suite 4300
Chicago, IL 60602

A. Project Number: 30375
Borrower(s): Brian, Jake Kolten and Devin Brooke
Borrower Benefit: First Time Land Buyer
Town: Sumner, IL
IFA Bond Amount: \$242,250.00
Use of Funds: Farmland – 99.55 acres of farmland
Purchase Price: \$484,500 / \$4,867 per acre
%Borrower Equity 0%
% USDA Farm Service Agency 50% (*Subordinate Financing*)
%IFA 50%
Township: Claremont
Counties/Regions: Richland / Southeastern
Lender/Bond Purchase: Peoples State Bank of Newton / Eric Seitzinger
Legislative Districts:
Congressional: 15
State Senate: 55
State House: 110

Principal shall be paid annually in installments determined pursuant to a thirty (30) year amortization schedule, with the first principal payment date to begin on December 1, 2017. Accrued interest on the unpaid balance hereof shall be paid annually, with the first interest payment date to begin on December 1, 2017 with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

B. Project Number: 30376
Borrower(s): Meister, Eric J and Sara K
Borrower Benefit: First Time Land Buyer
Town: Ashkum, IL
IFA Bond Amount: \$161,500.00
Use of Funds: Farmland – 38 acres of farmland
Purchase Price: \$323,000 / \$8,500 per acre
%Borrower Equity 5%
% USDA Farm Service Agency 45% (*Subordinate Financing*)
%IFA 50%
Township: Mona
Counties/Regions: Ford / East Central
Lender/Bond Purchase: Vermilion Valley Bank / Gary Loschen
Legislative Districts:
Congressional: 16
State Senate: 53
State House: 106

Principal shall be paid annual in installments determined pursuant to a thirty (30) year amortization schedule, with the first principal payment date to begin one year from the date of closing. Accrued interest on the unpaid balance hereof shall be paid semi-annual, with the first interest payment date to begin six months from the date of closing with the thirtieth and final payment of all outstanding balances due thirty years from the date of closing.

October 13, 2016

\$30,000,000 (not-to-exceed amount) The Museum of Contemporary Art

REQUEST	<p>Purpose: Bond proceeds will be loaned to The Museum of Contemporary Art (the “Museum”, the “MCA”, or the “Borrower”) be used to (i) refund or provide for the payment of all of the outstanding Series 1994 Bonds, (ii) fund one or more debt service reserve funds, if deemed necessary or desirable by the Borrower, and (iii) pay all or a portion of the costs of issuing the Series 2016 Bond, if deemed necessary or desirable by the Borrower (collectively, the “Financing Purposes”).</p> <p>Program: 501(c)(3) Revenue Bonds Extraordinary Conditions: None. No IFA Funds at risk. No State Funds at risk.</p>																			
BOARD ACTION	Final Bond Resolution (<i>One-time consideration</i>)																			
MATERIAL CHANGES	This is the first time this matter has been considered by the IFA Board of Directors.																			
JOB DATA	273 (130 FT; 143 PT) N/A	Current jobs Retained jobs	N/A N/A	New jobs projected Construction jobs projected																
BORROWER DESCRIPTION	<ul style="list-style-type: none">• Location: Chicago/Cook/Northeast• Type of entity: The Museum of Contemporary Art was founded in 1967. The mission of the Museum is to be an innovative and compelling center of contemporary art where the public can directly experience the work and ideas of living artists and understand the historical, social and cultural context of the art of the present time.• The Museum’s current facility opened in 1996 and is located at 220 East Chicago Avenue. The building was the first US commission for renowned German rationalist architect Josef Paul Kleiheus.• The Museum is committed to a full performance season each year called the <i>MCA Stage</i> which takes place in a state-of-the-art 300-seat theater, as well as settings in the galleries and around the museum grounds. Programs feature influential artists working in theater, music, dance, spoken word, and multimedia arts.																			
CREDIT INDICATORS	<ul style="list-style-type: none">• The Museum of Contemporary Art is currently a non-rated entity.• The Series 1994 Bonds to be refunded are currently secured by Direct Pay Letters of Credit issued by The Northern Trust Company and JPMorgan Chase Bank, N.A. (which are otherwise scheduled to expire December 31, 2016).																			
STRUCTURE	<ul style="list-style-type: none">• The plan of finance contemplates the direct purchase of the refunding bond by Banc of America Public Capital Corp (“BAPCC” or the “Purchaser”), a wholly owned subsidiary of Bank of America N.A.• The Purchaser is expected to be secured by a general unsecured obligation of the Museum.• The Purchaser will establish a variable interest rate, reset every month, for an initial term of 10 years. The Museum is expected to synthetically fix the interest rate, estimated at current conditions to be between 2.00% and 4.00% during the initial term.• The final maturity date of the Bond will be February 1, 2029.																			
SOURCES AND USES	<table><tr><td colspan="2">Sources:</td><td colspan="2">Uses:</td></tr><tr><td>Series 2016 Bond</td><td>\$30,000,000</td><td>Series 1994 Refunding</td><td>\$30,000,000</td></tr><tr><td>Equity</td><td><u>300,000</u></td><td>Costs of Issuance</td><td><u>300,000</u></td></tr><tr><td>Total</td><td><u>\$30,300,000</u></td><td>Total</td><td><u>\$30,300,000</u></td></tr></table>				Sources:		Uses:		Series 2016 Bond	\$30,000,000	Series 1994 Refunding	\$30,000,000	Equity	<u>300,000</u>	Costs of Issuance	<u>300,000</u>	Total	<u>\$30,300,000</u>	Total	<u>\$30,300,000</u>
Sources:		Uses:																		
Series 2016 Bond	\$30,000,000	Series 1994 Refunding	\$30,000,000																	
Equity	<u>300,000</u>	Costs of Issuance	<u>300,000</u>																	
Total	<u>\$30,300,000</u>	Total	<u>\$30,300,000</u>																	
RECOMMENDATION	Credit Review Committee recommends approval.																			

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
October 13, 2016**

Project: **The Museum of Contemporary Art**

STATISTICS

IFA Project:	12365	Amount:	\$30,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bond	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Chicago	County/	
		Region:	Cook / Northeast

BOARD ACTION

Final Bond Resolution (<i>One-time consideration</i>)	No IFA funds at risk
Conduit 501(c)(3) Revenue Bond	No extraordinary conditions
Credit Review Committee recommends approval	

VOTING RECORD

This is the first time this matter has been considered by the IFA Board of Directors.

PURPOSE

Bond proceeds will be loaned to **The Museum of Contemporary Art** (the “**Museum**” or the “**Borrower**”) be used to (i) refund or provide for the payment of all of the outstanding Series 1994 Bonds, (ii) fund one or more debt service reserve funds, if deemed necessary or desirable by the Borrower, and (iii) pay all or a portion of the costs of issuing the Series 2016 Bond, if deemed necessary or desirable by the Borrower (collectively, the “**Financing Purposes**”).

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are municipal bonds authorized under the Internal Revenue Code that enable 501(c)(3) corporations to finance capital projects furthering support of their mission. The IFA’s issuance of these Bonds will convey federal tax-exempt status on interest paid to bondholders, thereby enabling bondholders to accept a below market interest rate that is passed through to the borrower.

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

JOBS

Current employment:	273 (130 FT; 143PT)	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
Series 2016 Bond	\$30,000,000	Series 1994 Refunding	\$30,000,000
Equity	<u>300,000</u>	Costs of Issuance	<u>300,000</u>
Total	<u>\$30,300,000</u>	Total	<u>\$30,300,000</u>

FINANCING SUMMARY

Structure/ Security:	The Series 2016 Bond will be purchased directly by Banc of America Public Capital Corp (“ BAPCC ” or the “ Purchaser ”), a wholly owned subsidiary of Bank of America N.A. The Purchaser is expected to be secured by a general unsecured obligation of The Museum of Contemporary Art.
Interest Rate:	The Purchaser will establish a variable interest rate, reset every month, for an initial term of 10 years (the “Initial Term”). The Museum is expected to synthetically fix the interest rate, estimated at current conditions to be between 2.00% and 4.00% during the Initial Term.
Maturity:	The final maturity date of the Bond will be February 1, 2029 (consistent with the final maturity date on the Series 1994 Bonds).
Estimated Closing Date:	October 2016
Rationale:	The savings attained from issuing the proposed Series 2016 Bond versus undertaking a conventional debt refinancing will reduce monthly payments that will help The Museum keep its fixed charges (including debt service payments) as low as possible. The savings from a tax-exempt financing will also free up cash to be used for other projects that will enhance the Museum. Note: The Museum has paid down the outstanding balance of the original \$50,000,000 Series 1994 IDFA Bonds balance to \$30,000,000 as of 10/1/2016.

BUSINESS SUMMARY

Background: The **Museum of Contemporary Art** (the “**Museum**”, “**MCA**” or the “**Borrower**”) was established in 1967 and is incorporated under State of Illinois law. The Borrower is a 501(c)(3) not-for-profit corporation exempt from federal income taxes under the Internal Revenue Code.

The Museum is governed by a 50-member Board of Trustees (see pp. 5-7).

Description: The Museum is an artist-activated and audience-engaged contemporary art museum, which generates art, ideas, and conversation around the creative process. The Museum’s mission is to be a cultural leader of local necessity and international distinction.

The Museum is one of the nation’s largest multidisciplinary museums devoted to the art of present time. With an international reputation for presenting ground-breaking exhibitions, the MCA documents contemporary visual culture through painting, sculpture, photography, film, and video. The performing arts program, *MCA Stage*, features leading performers from around the globe in its 300-seat theater. Located near the historic Water Tower in the heart of downtown Chicago, the MCA features special exhibition spaces, a gift store, restaurant, and a terraced sculpture garden with a view of Lake Michigan. The Museum maintains a full-time staff of 130 employees and averages 238,000 visitors per year.

The Museum was established in October 1967 by a group of culturally concerned Chicagoans who recognized the need for an internationally oriented forum for contemporary art in the city. Within six years, the Museum had made a commitment to building a permanent collection. In 1979, the MCA expanded into an adjacent townhouse, in the process growing to 33,000 square feet, including 11,000 square feet of exhibition space. In 1992, the MCA selected from an international field of 200 applicants Berlin-based architect Josef Paul Kleiheus to design its new building and sculpture garden, his first U.S. commission. The new building opened in July 1996. With nearly seven times the square footage of the Museum’s previous facility on Ontario Street, the MCA for the first time had space to install temporary exhibitions and works from its collection simultaneously.

The MCA Collection provides an historical context for examining continuing developments in contemporary art. The collection includes over 5,700 works and features notable strengths in Minimalism, Postminimalism, Conceptualism, Surrealism, and artists’ books, as well as works by Chicago-based artists. Among the artists within the MCA Collection are Lee Bontecou, Alexander Calder, Sol LeWitt, Kerry James Marshall, and Bruce Nauman. The collection also includes works by Francis Bacon, Ann Hamilton, Alfredo Jaar, Jasper Johns, Jeff Koons, René Magritte, Ed Paschke, Ad Reinhardt, Richard Serra, Cindy Sherman, Lorna Simpson, and Andy Warhol.

Since its founding in 1967, the MCA has earned an international reputation for presenting ground-breaking exhibitions of work by local, national, and international artists. In 1969, Christo wrapped the museum and galleries with 8,000 square feet of tarpaulin and rope in the artist’s first building wrap. In 1978, Gordon Matta-Clark sawed through the walls and floors of the museum’s new annex to create the first “ex-stallation” in the space. In 1989, the touring exhibition *Robert Mapplethorpe: The Perfect Moment* drew the highest attendance in the MCA’s history.

Upon MCA’s relocation to the new facility in 1996, the Museum featured a major installation of 110 works from its collection as well as *Art in Chicago, 1945-1995*, the first in-depth survey of art developed within the cultural, social, and political life of Chicago since World War II. Exhibitions organized by the MCA have included exhibits by Lee Bontecou, Alexander Calder, Tom Friedman, William Kentridge, Jeff Koons, Cindy Sherman, Luc Tuymans, and H.C. Westermann. Recent exhibitions have included blockbusters such as *David Bowie Is* and have featured artists such as Isa Genzken, Simon Starling, Anne Collier, Doris Salcedo, Keren Cytter, Kathryn Andrews, The Propeller Group, and Kerry James Marshall. Upcoming exhibitions will display work by Diana Thater, Basim Magdy, Merce Cunningham, and Takashi Murakami, as well as celebrate the MCA’s 50th Anniversary in 2017.

Proceeds of the original \$50,000,000 IDFA Series 1994 Bonds being refunded were used to finance and refinance the acquisition, construction and equipping of new facilities used by the Museum for its collection and programs, the renovation and equipping of the Museum's existing facilities and the Museum's off-site art storage facilities. The Museum is current on payments relating to the IDFA Series 1994 Bonds as of 10/1/2016 and has made all payments as scheduled.

Education: The MCA's Education Department is dedicated to engaging all audiences and enriching the visitor experience through diverse and experimental programs and interpretation. The department collaborates with artists and local organizations to produce talks, workshops, symposia, family days, and other creative interactions. The MCA is committed to the local community and its schools, serving an average of 10,000 students per year in addition to offering free workshops and professional development opportunities for educators.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

The Museum of Contemporary Art (the "Museum" or "Corporation") has requested that the Authority issue its Revenue Refunding Bond (Museum of Contemporary Art), Series 2016, in a principal amount not to exceed \$30,000,000 (the "Series 2016 Bond"), and loan the proceeds from the sale thereof to the Corporation pursuant to a Bond and Loan Agreement (the "Bond and Loan Agreement") among the Authority, the Corporation and Banc of America Public Capital Corp (the "Purchaser").

The Corporation will apply the proceeds from the sale of the Series 2016 Bond to (i) refund or provide for the payment of all of the outstanding Series 1994 Bonds, and, prospectively, (ii) fund one or more debt service reserve funds, if deemed necessary or desirable by the Corporation, and (iii) pay all or a portion of the costs of issuing the Series 2016 Bond, if deemed necessary or desirable by the Corporation (collectively, the "Financing Purposes").

ECONOMIC DISCLOSURE STATEMENT

Applicant: The Museum of Contemporary Art, 220 East Chicago Avenue, Chicago (Cook County), IL 60611 (c/o Ms. Cathy Kearney Controller, Tel: 312-397-3808; Email: CKearney@mcachicago.org)

Applicant Website: <https://mcachicago.org>

Project name: Illinois Finance Authority Revenue Refunding Bond, Series 2016 (Museum of Contemporary Art)

Location: Chicago (Cook County), IL

Organization: Illinois Not-for-Profit Corporation

Museum Board Of Trustees: The 50-member Board of Trustees is listed below:

CHAIR

Anne L. Kaplan

VICE CHAIRS

Leslie Bluhm

King Harris*

Marquis D. Miller

SECRETARY

Rob Bellick

TREASURER

Michael O'Grady

TRUSTEES

Sara Albrecht
Michael Alper
Jennifer Aubrey
Julie Bernstein
Gerhard Bette
Marlene Breslow-Blitstein
Marc Brooks
Michael Canmann
Carol Cohen
Nancy Crown
Robert H. Defares
Stefan Edlis
Donald J. Edwards
Elissa Hamid Efroymson
Lois Eisen
Larry Fields
Nicholas Giampietro
James A. Gordon
Kenneth C. Griffin
Madeleine Grynsztejn**
Jack Guthman
John B. Harris
William J. Hokin
William Hood
Cynthia Hunt
David Jacobson
Gretchen Jordan
Liz Lefkofsky
Ron Levin
James H. Litinsky
Laura Keidan Martin
Sylvia Neil
Kate Neisser
Martin Nesbitt
Jay Owen Jr.
Carol Prins
Naomi Mori Reese
Eve Rogers
Cari Sacks
Kristin Stevens**
Marjorie Susman
Sara Szold
Dia S. Weil
Helen Zell*

Life Trustees and an Artist Trustee of the Museum are listed below:

LIFE TRUSTEES

Marilynn B. Alsdorf
John D. Cartland*
Marshall Front
Helyn D. Goldenberg*
Doris Holleb
Mary Ittelson*
Don Kaul
John C. Kern
Sally Meyers Kovler*
Lewis Manilow*
Beatrice Cummings Mayer
Judith Neisser
Dorie Sternberg
Daryl Gerber Stokols
Donna A. Stone
Allen M. Turner*

ARTIST TRUSTEE

David Hartt
* Past Chair
** Ex-officio
As of June 2016

PROFESSIONAL & FINANCIAL

Auditor:	Plante & Moran, PLLC	Chicago, IL	
Borrower's Counsel:	Quarles & Brady LLP	Chicago, IL	MaryAnn Murray
			Kathleen Swan
Bond Counsel:	Chapman & Cutler LLP	Chicago, IL	Nancy Burke
			Leslie Cornell
Bank Counsel:	Chapman & Cutler LLP	Chicago, IL	David Field
			Juliet Huang
Purchaser/Lender:	Banc of America Public Capital Corp	Chicago, IL St. Louis, MO	Sylvia Rodrigo Sondra Denk
Filing Agent:	Bank of America, N.A.	Chicago, IL	
IFA Counsel:	Taft Stettinius & Hollister LLP	Chicago, IL	Kim Copp
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden

LEGISLATIVE DISTRICTS

Congressional:	7
State Senate:	13
State House:	26

October 13, 2016

\$300,000,000

The Carle Foundation

REQUEST	<p>Purpose: Bond proceeds will be used by The Carle Foundation (“Carle”, the “Corporation”, or the “Borrower”) to: (i) finance the construction of certain health care facilities of the Obligated Group including construction and equipping of a 3-story, approximately 300,000 sq. ft. support service building and a single story, approximately 40,000 sq. ft. ambulatory surgery center, approximately 75,000 sq. ft. addition to the ambulatory clinic located at 1701 Curtis Road, Champaign, and renovations to Carle’s acute care hospital on its Main Campus, (ii) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009D (The Carle Foundation) (the “Prior Bonds”); (iii) and pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “Financing Purposes”).</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																						
BOARD ACTIONS	Final Bond Resolution (<i>One-time consideration</i>)																						
MATERIAL CHANGES	None. This is the first time this project has been presented to the IFA Board of Directors.																						
JOB DATA	N/A	Current jobs	-- New jobs projected																				
	N/A	Retained jobs	1,700 Construction jobs projected																				
DESCRIPTION	<ul style="list-style-type: none"> Locations: Champaign and Urbana (Champaign County/East Central Region) The Carle Foundation, headquartered in Urbana, Illinois, is an Illinois not-for-profit corporation engaged in providing health care services to residents of east central Illinois. 																						
SECURITY	<ul style="list-style-type: none"> The Bonds are expected to be secured by an obligation of The Carle Foundation under a Master Trust Indenture. Such obligation will include a pledge of revenues and may or may not include a debt service reserve fund or mortgages. 																						
CREDIT INDICATORS	<ul style="list-style-type: none"> The Bonds will be rated. The Carle Foundation maintains underlying ratings of ‘A+’ and ‘AA-’ from Standard & Poor’s and Fitch, respectively. Carle expects its current ratings to be affirmed in the context of this transaction. 																						
STRUCTURE	<ul style="list-style-type: none"> The Bonds will be structured as a tax-exempt fixed or variable rate public offering underwritten by Barclays. There may be a taxable fixed or variable rate component as part of the 2016 financing as well. The Bonds will fully mature not later than February 15, 2056. 																						
SOURCES AND USES	<table> <tr> <td colspan="2">Sources:</td><td colspan="2">Uses:</td></tr> <tr> <td>IFA Bonds</td><td><u>\$300,000,000</u></td><td>New Money</td><td>\$ 240,250,000</td></tr> <tr> <td></td><td></td><td>Refunding</td><td>56,000,000</td></tr> <tr> <td></td><td></td><td>Cost of Issuance</td><td><u>3,750,000*</u></td></tr> <tr> <td>Total</td><td><u>\$300,000,000</u></td><td>Total</td><td><u>\$300,000,000</u></td></tr> </table> <p><i>*Cost of Issuance estimated at 1.25% of par. Preliminary estimate - not necessarily reflective of actual costs.</i></p>			Sources:		Uses:		IFA Bonds	<u>\$300,000,000</u>	New Money	\$ 240,250,000			Refunding	56,000,000			Cost of Issuance	<u>3,750,000*</u>	Total	<u>\$300,000,000</u>	Total	<u>\$300,000,000</u>
Sources:		Uses:																					
IFA Bonds	<u>\$300,000,000</u>	New Money	\$ 240,250,000																				
		Refunding	56,000,000																				
		Cost of Issuance	<u>3,750,000*</u>																				
Total	<u>\$300,000,000</u>	Total	<u>\$300,000,000</u>																				
RECOMMENDATION	Credit Review Committee recommends approval.																						

ILLINOIS FINANCE AUTHORITY BOARD SUMMARY October 13, 2016

Project: The Carle Foundation

STATISTICS

Project Number: 12366	Amount: \$300,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane
Cities: Champaign and Urbana	County/Region: Champaign/East Central

BOARD ACTION

Final Bond Resolution (<i>one-time consideration</i>)	No IFA Funds at Risk
Conduit 501(c)(3) Bonds	No Extraordinary Conditions
Credit Review Committee recommends approval.	

VOTING RECORD

This is the first time this project is being presented to the IFA Board of Directors.

PURPOSE

Purpose: Bond proceeds will be used by The Carle Foundation (“**Carle**”, the “**Corporation**”, or the “**Borrower**”) to: (i) finance the construction of certain health care facilities of the Obligated Group including construction and equipping of a 3-story, approximately 300,000 sq. ft. support service building and a single story, approximately 40,000 sq. ft. ambulatory surgery center, approximately 75,000 sq. ft. addition to the ambulatory clinic located at 1701 Curtis Road, Champaign, and renovations to Carle’s acute care hospital on its Main Campus, (ii) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009D (The Carle Foundation) (the “**Prior Bonds**”); (iii) and pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance and refinance capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders and thereby reducing the borrower’s interest expense.

VOLUME CAP

501(c)(3) Bond issues do not require Volume Cap.

JOBS

Current employment:	N/A	Projected new jobs: --
Retained jobs	N/A	Construction jobs: 1,700

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	<u>\$300,000,000</u>	New Money	\$240,250,000
		Refunding	56,000,000
		Cost of Issuance	<u>3,750,000*</u>
Total	<u>\$300,000,000</u>	Total	<u>\$300,000,000</u>

*Cost of Issuance estimated at 1.25% of par. Preliminary estimate - not necessarily reflective of actual costs.

FINANCING SUMMARY

Security:	The Bonds are expected to be secured by an obligation of The Carle Foundation under a Master Trust Indenture. Such obligation will include a pledge of revenues and may or may not include a debt service reserve fund or mortgages.
Structure:	The plan of finance contemplates the issuance of fixed or variable rate debt with a public offering by Barclays Capital Inc.
Interest Rate:	To be determined at the time of pricing based upon market indices.
Interest Mode:	Fixed or variable rate obligations for which interest is established at pricing or changes periodically and is paid monthly or semiannually.
Maturity:	The Bonds will fully mature not later than February 15, 2056.
Rating:	The Bonds will be rated. The Carle Foundation maintains underlying ratings of 'A+' and 'AA-' from Standard & Poor's and Fitch, respectively and expects the ratings to be affirmed prior to the IFA October board meeting.

Estimated Closing Date: November 2016

PROJECT SUMMARY

Purpose: Bond proceeds will be used by The Carle Foundation (“**Carle**”, the “**Corporation**”, or the “**Borrower**”) to: (i) finance the construction of certain health care facilities of the Obligated Group including construction and equipping of a 3-story, approximately 300,000 sq. ft. support service building and a single story, approximately 40,000 sq. ft. ambulatory surgery center, approximately 75,000 sq. ft. addition to the ambulatory clinic located at 1701 Curtis Road, Champaign, and renovations to Carle’s acute care hospital on its Main Campus, (ii) refund all or a portion of the outstanding Illinois Finance Authority Revenue Bonds, Series 2009D (The Carle Foundation) (the “**Prior Bonds**”); (iii) and pay certain expenses incurred in connection with the issuance of the Bonds and the refunding of Prior Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “**Financing Purposes**”).

BUSINESS SUMMARY

The Carle Foundation is an Illinois not-for-profit corporation engaged in providing health care services through a vertically integrated provider structure which offers a broad spectrum of inpatient, outpatient, and long-term health care services to a large and predominantly rural service area in east-central Illinois and west-central Indiana in a region surrounding the cities of Champaign and Urbana, Illinois. The Carle Foundation serves as the sole member and elects all of the trustees of, and thereby controls the following Illinois not-for-profit organizations and affiliates:

- a. The Carle Foundation Hospital operates a licensed 345-bed hospital, a certified home health agency, and a certified hospice, all which lease property and equipment from the Corporation. The Hospital also operates Carle Medical Supply, a provider of medical equipment and supplies to the general public and hospital patients; and the Danville Surgery Center and outpatient surgical recovery centers, which are located in Champaign and Danville, Illinois. The Hospital serves as the sole stockholder and elects all directors of and, therefore controls, the following for-profit subsidiaries: *Carle Risk Management Company*, which provides professional liability insurance claims processing and management services to the Foundation and *eValiData, Inc.*, which provides physician credentialing services to the Corporation and external organizations.
- b. Carle Health Care, Incorporated operates Carle Physician Group which operates as a multi-specialty, group medical practice comprising approximately 404 licensed physicians and surgeons, some of whom are contracted to provide services through other entities; Arrow Ambulance, LLC, an ambulance transport service; Airlife, an air medical transport service; and The Caring Place, a day care center. Carle Health Care Incorporated also operates the Champaign SurgiCenter, LLC, a free-standing ambulatory surgery

center located in Champaign, Illinois, in partnership with Christie Clinic ASC, LLC, an affiliate of a private, multi-specialty, group medical practice headquartered in Champaign, Illinois, as a 25% owner.

- c. Hoopeston Community Memorial Hospital, which comprises a 24-bed Critical Access Hospital and six Rural Health Clinics. The hospital is located approximately 50 miles northeast of the Foundation's main campus.
- d. Carle Retirement Centers, Inc., operates a 174-unit retirement living center.
- e. The Carle Development Foundation does business as the Carle Center for Philanthropy, which is engaged in fund-raising activities and manages substantially all activity relating to restricted and unrestricted contributions. In addition, it is the sole member of Carle Community Health Corporation, which is engaged in funding charitable, scientific, and educational community-based health care initiatives.
- f. The Carle Foundation is the sole member of Health Alliance Connect, Inc., a taxable not-for-profit entity which provides health care services to its enrollees including members of medically underserved groups, persons who are unable to obtain affordable health care services or insurance, persons with special healthcare needs, and beneficiaries of governmental programs.

The Carle Foundation serves as the sole stockholder and elects all the directors of, and thereby controls, the following for-profit subsidiaries:

- a. Carle Holding Company, Inc. is the sole owner of Health Alliance Medical Plans Inc. and its subsidiaries ("Health Alliance"). Health Alliance is a licensed life, accident, and health insurance company in the state of Illinois and is subject to regulation by the Illinois Department of Insurance. Health Alliance was granted a certificate of authority to transact business as a health maintenance organization (HMO) on November 28, 1989. Health Alliance had approximately 269,500 members at March 31, 2014.

Health Alliance has a wholly-owned subsidiary, Health Alliance-Midwest, Inc. (HAMW), which is incorporated as a licensed HMO to write health insurance policies in the states of Illinois, Iowa, and Nebraska. Health Alliance owns 60% of Health Alliance Northwest Holding, Inc. which is a non-insurance company in the state of Washington established for the purpose of owning Health Alliance Northwest Health Plan, Inc., a Washington health care contractor.

- b. Health Systems Insurance, Limited, an offshore captive insurance company, was established to underwrite the Corporation's general and professional liability risks and, beginning in 2012, its workers' compensation liability insurance risks.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	The Carle Foundation
Location:	611 W. Park St. Urbana (Champaign County), IL 61801-2595
Project name:	The Carle Foundation (Illinois Finance Authority Series 2016 Bonds)
Organization:	501(c)(3) Not-for-Profit Corporation
State:	Illinois
Contact:	Scott Hendrie, Vice President of Finance – Treasury, (217) 383-4369 scott.hendrie@carle.com
Board of Trustees:	Kenneth Aronson, M.D Phillip Blankenburg Donna Greene, Chair Jane Hays Guy Hall

Sanjiv Jain, M.D.
James C. Leonard, M.D.
J. Michael Martin
Mitch Melfi
Paul Mulhollem
Martin K. Smith
Jon Stewart
Paul Tender, M.D.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	McGuire Woods	Chicago	Kevin Dougherty
Borrower's Financial Advisor	Ponder & Co.	Chicago	Jennifer Brown
			Terrance Shirey
Bond Counsel:	Chapman & Cutler LLP	Chicago	David Kates
Underwriter:	Barclays	Los Angeles	James Kim
Co-Manager:	Goldman Sachs	New York	Rondy Jennings
Underwriter Counsel:	Orrick, Herrington & Sutcliffe LLP	Portland	Doug Goe
Issuer's Counsel:	Schiff Hardin LLP	Chicago	Bruce Weisenthal
IFA Financial Advisor:	Sycamore Advisors LLC	Indianapolis	Diana Hamilton
			Courtney Tobin

LEGISLATIVE DISTRICTS

Congressional:	13
State Senate:	52
State House:	103

SERVICE AREA

The primary service area includes Champaign County and selected zip codes in east-central Illinois. The secondary service area includes Vermilion County and selected zip codes from 38 other counties in east-central Illinois and west-central Indiana. Based on zip codes of patient origin, 52.8% of total hospital inpatient admissions in the primary service area were to Carle, while 15.5% of total hospital inpatient admissions in the combined primary and secondary service area were to Carle, both during the 2013 calendar year.

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October 13, 2016

\$120,000,000 Swedish Covenant Hospital

REQUEST	<p>Purpose: Proceeds will be used by Swedish Covenant Hospital (the “Swedish” or the “Borrower”), (i) to advance refund all or a portion of the Series 2010A Bonds (ii) to currently refund the Series 2010 GE Loan, (iii) to fund new money projects and to reimburse Swedish for previously paid capital expenditures, and (iv) to pay cost of issuance.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>																							
BOARD ACTIONS	Final Bond Resolution (One-time consideration).																							
MATERIAL CHANGES	None. This is the first time this project has been presented to the IFA Board of Directors.																							
JOB DATA	1,695	Current jobs	22	New jobs projected																				
	N/A	Retained jobs	30	Construction jobs projected																				
DESCRIPTION	<ul style="list-style-type: none">● Location: Chicago (Cook County)● Swedish Covenant Hospital is an Illinois not-for-profit corporation which operates an acute care, community and teaching hospital on the Northwest Side of Chicago. The Swedish was founded in 1886 by The Evangelical Covenant Church (the “Church”) and was known as the Swedish Home of Mercy. The Swedish is licensed by the State of Illinois for 312 beds, of which 306 were in service as of June 30, 2016. The Swedish has received a determination letter from the Internal Revenue Service (“IRS”) that it is exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986 (the “Code”) as an organization described in Section 501(c)(3) of the Code.● The Swedish offers a wide range of inpatient and outpatient diagnostic and therapeutic services and related ancillary services. The Swedish’ inpatient services include all major categories of medicine and surgery. The outpatient programs and services provide a continuum of care for patients in the Swedish’ service area. The Swedish operates several satellite primary care facilities in various sections of its service area.																							
SECURITY	<ul style="list-style-type: none">● The current market does not require a mortgage — the mortgage associated with the 2010A bonds is expected to be released as part of the refunding. The 2016 bondholders will have a security interest in the Unrestricted Receivables of the Obligated Group.																							
CREDIT INDICATORS	<ul style="list-style-type: none">● Swedish’s long-term ratings are currently ‘BBB+’/‘BBB+’ (S&P/Fitch). The Borrower has applied for ratings in connection with the new Series 2016 Bonds, and expects ratings in the ‘BBB’ to ‘BBB+’ category.																							
STRUCTURE	<ul style="list-style-type: none">● The tax-exempt fixed rate Bonds will be sold in a public underwriting by Bank of America Merrill Lynch and Ziegler Securities.● Bonds will mature no later than August 15, 2056.																							
SOURCES AND USES	<table><tr><td colspan="2">Sources:</td><td colspan="2">Uses:</td></tr><tr><td>IFA Bonds</td><td><u>\$120,000,000</u></td><td>IFA Bonds</td><td>\$108,390,000</td></tr><tr><td></td><td></td><td>New Money/Reimbursement</td><td>10,000,000</td></tr><tr><td></td><td></td><td>Cost of Issuance*</td><td><u>1,610,000*</u></td></tr><tr><td>Total</td><td><u>\$120,000,000</u></td><td>Total</td><td><u>\$120,000,000</u></td></tr></table> <p><i>*Estimated</i></p>				Sources:		Uses:		IFA Bonds	<u>\$120,000,000</u>	IFA Bonds	\$108,390,000			New Money/Reimbursement	10,000,000			Cost of Issuance*	<u>1,610,000*</u>	Total	<u>\$120,000,000</u>	Total	<u>\$120,000,000</u>
Sources:		Uses:																						
IFA Bonds	<u>\$120,000,000</u>	IFA Bonds	\$108,390,000																					
		New Money/Reimbursement	10,000,000																					
		Cost of Issuance*	<u>1,610,000*</u>																					
Total	<u>\$120,000,000</u>	Total	<u>\$120,000,000</u>																					
RECOMMENDATION	Credit Review Committee recommends approval.																							

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
October 13, 2016**

Project: Swedish Covenant Hospital

STATISTICS

Project Number: 12363	Amount: \$120,000,000 (Not-to-Exceed)
Type: 501(c)(3) Bonds	IFA Staff: Pam Lenane
Location: Chicago	County/Region: Cook/Northeast

BOARD ACTION

Final Bond Resolution (<i>One-time consideration</i>)	No IFA Funds at Risk
Conduit 501(c)(3) Revenue Bonds	No Extraordinary Conditions
Credit Review Committee recommends approval.	

VOTING RECORD

This is the first time this project is being presented to the IFA Board of Directors.

PURPOSE

Proceeds will be used by **Swedish Covenant Hospital** (the “**Swedish**” or the “**Borrower**”), (i) to advance refund all or a portion of the Series 2010A Bonds (ii) to currently refund the Series 2010 GE Loan, (iii) to fund new money projects and to reimburse Swedish for previously paid capital expenditures, and (iv) to pay cost of issuance.

VOLUME CAP

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders, thereby reducing the Borrower’s interest expense.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment: 1,695	Projected new jobs: 22
Jobs retained: N/A	Construction jobs: 30

ESTIMATED SOURCES AND USES OF FUNDS

IFA Bonds	<u>\$120,000,000</u>	IFA Bonds	\$108,390,000
		New Money/Reimbursement	10,000,000
		Cost of Issuance	<u>1,610,000*</u>
Total	<u>\$120,000,000</u>	Total	<u>\$120,000,000</u>

*Estimated

FINANCING SUMMARY

Security:	The Bonds will be secured by a security interest in the Unrestricted Receivables of the Obligated Group.
Structure:	Fixed Rate Bonds will be sold in a public underwriting by Bank of America Merrill Lynch, and B.C Zeigler and Company.
Interest Rate:	To be determined the day of pricing.
Interest Mode:	Fixed Rate
Credit Enhancement:	None
Maturity:	Bonds will mature no later than August 15, 2056.
Rating:	Swedish's long-term ratings are currently 'BBB+'/'BBB+' (S&P/Fitch). The Borrower has applied for ratings in connection with the new Series 2016 Bonds, and expects ratings in the 'BBB' to 'BBB+' category
Estimated Closing Date:	December 14, 2016

PROJECT SUMMARY

Proceeds will be used by **Swedish Covenant Hospital** (the "**Swedish**" or the "**Borrower**"), (i) to advance refund all or a portion of the Series 2010A Bonds (ii) to currently refund the Series 2010 GE Loan, (iii) to fund new money projects and to reimburse Swedish for previously paid capital expenditures, and (iv) to pay cost of issuance.

BUSINESS SUMMARY

Swedish Covenant Hospital (the "**Swedish**") is an Illinois not-for-profit corporation that operates an acute care, community and teaching hospital on the Northwest Side of Chicago. The Swedish was founded in 1886 by The **Evangelical Covenant Church** (the "**Church**") and was known as the Swedish Home of Mercy. The Swedish is licensed by the State of Illinois for 312 beds, of which 306 were in service as of June 30, 2016. The Swedish has received a determination letter from the Internal Revenue Service ("IRS") that it is exempt from federal income taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986 (the "Code") as an organization described in Section 501(c)(3) of the Code.

The Swedish offers a wide range of inpatient and outpatient diagnostic and therapeutic services and related ancillary services. The Swedish' inpatient services include all major categories of medicine and surgery. The outpatient programs and services provide a continuum of care for patients in the Swedish' service area. The Swedish operates several satellite primary care facilities in various sections of its service area.

ECONOMIC DISCLOSURE STATEMENT

Applicant:	Swedish Covenant Hospital 5145 North California Avenue Chicago, IL 60625
Contact:	Tom Garvey, Chief Financial Officer
Website:	www.swedishcovenant.org
Borrower:	Swedish Covenant Hospital

Board of Directors:

Adair, Charles L.
Anderson, Kurt D.
Archibald, Carolin
Banks, Lyle
Baughman, Michael J., *Secretary*
Curran, Ronald D.
DiBenedetto, Vincent
Federer, Clark M.D.
McNulty, Bruce M.D.
Olson, Christopher J., *Vice Chair*
Pyra, Thomas M., *Chair*
Reyna-Hickey, Bea
Schotz, Debra
Sullivan, Chris
Swanson, John A.
Tilkin, Jeffrey M.D.
Werling, Kristian A.

Ex Officio:

Anderson, Lawrence P.
Dwight, David A.
Guaccio, Anthony
Suricci, Arminio M.D.
Walter, Rev. Gary B.

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Katten Muchin Rosenman LLP	Chicago	Janet Hoffman
Bond Counsel:	Chapman and Cutler LLP	Chicago	Rich Tomei
Financial Advisor:	Ponder & Company	Chicago	Jennifer Brown
Underwriters:			
Senior Manager:	Bank of America Merrill Lynch	Chicago	Joe Hegner, Ken Vallrugo
Co-Manager:	Ziegler	Chicago	Don Carlson
Underwriter Counsel:	Nixon Peabody LLP	Chicago	Tom Fahey
IFA Counsel:	Ice Miller LLP	Chicago	Jim Snyder
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago	Phoebe Selden

LEGISLATIVE DISTRICTS

Congressional:	5
State Senate:	7
State House:	13

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Swedish Covenant Hospital's primary service area covers the north side of the City of Chicago and the Village of Lincolnwood. The primary service area is bounded by Touhy Avenue and Howard Street to the north, Lake Michigan to the east, Diversey Avenue to the south and Nagel Avenue to the west. The primary service area is six miles long, nearly seven miles wide at the northern boundary and six miles wide at the southern boundary. Travel time from Swedish Covenant Hospital's facilities to the most distant parts of the primary service area is 30 to 45 minutes.



October 13, 2016

\$350,000,000

Edward-Elmhurst Healthcare (d/b/a Edward-Elmhurst Health)

REQUEST	<p>Purpose: Bond proceeds will be used by Edward-Elmhurst Healthcare (“the Borrower”) to (i) advance refund the Edward Hospital and Health System IFA Series 2008A Bonds, (ii) advance refund Elmhurst Memorial Healthcare IFA Series 2008A Bonds, (iii) current refund Edward Hospital and Health System IFA Series 2008B-1 with a direct purchase by JP Morgan, (iv) current refund Edward Hospital and Health System IFA Series 2009A with a direct purchase by Bank of America Merrill Lynch, (v) reimburse prior capital expenditures and new money uses, and (vi) to pay for cost of issuance.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>								
BOARD ACTIONS	Final Bond Resolution (One-time consideration).								
MATERIAL CHANGES	None. This is the first time this project has been presented to the IFA Board of Directors.								
JOB DATA	<table><tr><td>8,560</td><td>Current jobs</td><td>N/A</td><td>New jobs projected</td></tr><tr><td>N/A</td><td>Retained jobs</td><td>N/A</td><td>Construction jobs projected</td></tr></table>	8,560	Current jobs	N/A	New jobs projected	N/A	Retained jobs	N/A	Construction jobs projected
8,560	Current jobs	N/A	New jobs projected						
N/A	Retained jobs	N/A	Construction jobs projected						
DESCRIPTION	<p>Location: Naperville/DuPage County/Northeast, Elmhurst/DuPage County/Northeast</p> <p>Edward-Elmhurst Healthcare, a nonprofit Illinois corporation is the parent corporation of the EEH System. On July 1, 2013, Edward Health Services Corporation (“EHSC”), a nonprofit healthcare system located in Naperville, Illinois combined with Elmhurst Memorial Healthcare (“EMHC”), a nonprofit healthcare system located in Elmhurst, Illinois. At that time EHSC, renamed Edward-Elmhurst Healthcare (“EEH”), became the sole member of EMHC. The combination created the EEH System (“EEH System”), an integrated health system including three hospitals – Edward Hospital (“EH”), Elmhurst Memorial Hospital (“EMH”) and Naperville Psychiatric Ventures d/b/a Linden Oaks Hospital (“LOH”) and other affiliated corporations.</p> <p>Edward Hospital. Located at 801 S. Washington Street in Naperville, Illinois, EH is a 354-bed acute care facility that provides a full range of inpatient and outpatient diagnostic and treatment services. It was the first hospital in Illinois to offer all private rooms, and it was the first hospital in Illinois to open a medically-based fitness center, which is located on its Naperville campus. EH owns two four-story medical office buildings (“MOBs”) adjacent to the hospital. In 2005, Edward opened a comprehensive outpatient cancer center adjacent to the hospital and MOBs, which offers infusion, radiation therapy, PET/CT, and various cancer support services.</p> <p>Elmhurst Memorial Hospital. Originally located on Berteau Road near downtown Elmhurst, the hospital moved its operations to 155 East Brush Hill Road, 3 miles south of its original location. A 259 bed replacement hospital opened in June 2011. In addition to EMH the Brush Hill campus includes William G. Parillo the Center for Health, a 183,000 square foot comprehensive outpatient center which is connected to EMH. The Center for Health houses a full range of programs, including an outpatient surgery center, outpatient clinics (e.g. wound, pain, diabetes, and weight loss), chronic disease clinics (e.g. Heart Failure, Atrial Fibrillation, Chronic Obstructive Pulmonary Disease and Pneumonia), outpatient radiology and ancillary testing, rehabilitation, lab services, and physician practices. In November 2013, the Nancy W. Knowles Cancer Center opened adjacent to the Center for Health which offers infusion, radiation therapy, PET/CT, Cyberknife, and various cancer support services.</p> <p>EMH was designed focusing on patient centered care and a healing environment. All patient rooms are private and most are equipped with ceiling mounted lifts. All rooms have been standardized</p>								

	<p>and are same sided to promote staff and physician efficiency. The facility has consistently been selected by Soliant Health as one of the most beautiful hospitals in the United States.</p> <p>In March of 2012 construction was completed on a 50,000 square foot, four-story medical office building connected to EMH on the west side of the campus (the "West MOB"). The West MOB was developed by a real estate developer pursuant to a ground lease with EMHC.</p> <p>Linden Oaks Hospital. LOH is an 85,000 square foot, 108 inpatient bed facility located on EH’s Naperville, campus, with four additional outpatient locations offering partial hospitalization and intensive outpatient programs located in Naperville, Plainfield, Hinsdale and St. Charles. LOH services adolescents, adults, and older adults suffering from mental illness and substance abuse. LOH has been accredited by the Joint Commission with a Gold Seal of Approval for Depression, Anxiety, Eating Disorders, Bi-Polar, Chemical Dependency, Dementia and Self-Injury. LOH employs interdisciplinary teams ranging from psychiatrists, advanced practice clinicians, nurses, therapists, and support staff.</p>																																						
SECURITY	<ul style="list-style-type: none">● Collateral is expected to include a pledge of the Borrower’s unrestricted receivables that secure all obligations the Borrower issued under its Master Trust Indenture.																																						
CREDIT INDICATORS	<ul style="list-style-type: none">● Current ratings for Edward Hospital are ‘A’ stable and ‘A+’ stable from S&P and Fitch, respectively.● Current ratings for Elmhurst are ‘Baa2’ and ‘BBB’ from Moody’s and Fitch, respectively.																																						
STRUCTURE	<ul style="list-style-type: none">● The tax-exempt fixed rate Bonds will be sold in a public underwriting by Bank of America Merrill Lynch.● The refunded Series 2008B-1 Bonds will be a bank direct purchase by JP Morgan. The refunded Series 2009A Bonds will be a bank direct purchase by Bank of America Merrill Lynch.● Bonds will mature no later than 2056.																																						
SOURCES AND USES	<table><tr><td colspan="2">Sources:</td><td colspan="2">Uses:</td></tr><tr><td>IFA Bonds</td><td><u>\$350,000,000</u></td><td>Edward Series 2008A Bonds Refund Escrow</td><td>\$ 76,100,000</td></tr><tr><td></td><td></td><td>Elmhurst Series 2008A Bonds Refund Escrow</td><td>\$134,500,000</td></tr><tr><td></td><td></td><td>Edward Series 2008B-1 Bonds Refund Escrow</td><td>\$ 48,560,000</td></tr><tr><td></td><td></td><td>Edward Series 2009A Bonds Refund Escrow</td><td>\$ 42,880,000</td></tr><tr><td></td><td></td><td>Reimburse prior capital expenditure and new money uses</td><td>\$ 17,000,000</td></tr><tr><td></td><td></td><td>Cost of Issuance*</td><td>\$ 1,425,000</td></tr><tr><td></td><td></td><td>Contingency</td><td><u>\$ 29,535,000</u></td></tr><tr><td>Total</td><td><u>\$350,000,000</u></td><td>Total</td><td><u>\$350,000,000</u></td></tr></table> <p><i>*Estimated</i></p>			Sources:		Uses:		IFA Bonds	<u>\$350,000,000</u>	Edward Series 2008A Bonds Refund Escrow	\$ 76,100,000			Elmhurst Series 2008A Bonds Refund Escrow	\$134,500,000			Edward Series 2008B-1 Bonds Refund Escrow	\$ 48,560,000			Edward Series 2009A Bonds Refund Escrow	\$ 42,880,000			Reimburse prior capital expenditure and new money uses	\$ 17,000,000			Cost of Issuance*	\$ 1,425,000			Contingency	<u>\$ 29,535,000</u>	Total	<u>\$350,000,000</u>	Total	<u>\$350,000,000</u>
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Total	<u>\$350,000,000</u>	Total	<u>\$350,000,000</u>																																				
RECOMMENDATION	Credit Review Committee recommends approval.																																						

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
October 13, 2015**

Project: Edward-Elmhurst Healthcare (d/b/a Edward-Elmhurst Health)

STATISTICS

Project Number:	12364	Amount:	350,000,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane
Location:	Naperville, Elmhurst	County/Region:	DuPage/Northeast

BOARD ACTION

Final Bond Resolution (<i>One-time consideration</i>)	No IFA Funds at Risk
Conduit 501(c)(3) Revenue Bonds	No Extraordinary Conditions
Credit Review Committee recommends approval.	

VOTING RECORD

This is the first time this project is being presented to the IFA Board of Directors.

PURPOSE

Bond proceeds will be used by **Edward-Elmhurst Healthcare** (“the **Borrower**”) to (i) advance refund the Edward Hospital and Health System IFA Series 2008A Bonds, (ii) advance refund Elmhurst Memorial Healthcare IFA Series 2008A Bonds, (iii) current refund Edward Hospital and Health System IFA Series 2008B-1 with a direct purchase by JP Morgan, (iv) current refund Edward Hospital and Health System IFA Series 2009A with a direct purchase by Bank of America Merrill Lynch, (v) reimburse prior capital expenditures and new money uses, and (vi) to pay for cost of issuance.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders, thereby reducing the Borrower’s interest expense.

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment:	8,560	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	<u>\$350,000,000</u>	Edward Series 2008A Bonds Refund Escrow	\$ 76,100,000
		Elmhurst Series 2008A Bonds Refund Escrow	\$134,500,000
		Edward Series 2008B-1 Bonds Refund Escrow	\$ 48,560,000
		Edward Series 2009A Bonds Refund Escrow	\$ 42,880,000
		Reimburse prior capital expenditure and new money uses	\$ 17,000,000
		Cost of Issuance*	\$ 1,425,000
		Contingency	<u>\$ 29,535,000</u>
Total	<u>\$350,000,000</u>	Total	<u>\$350,000,000</u>

**Estimated*

FINANCING SUMMARY

Security:	Collateral is expected to include a pledge of the Borrower's unrestricted receivables that secure all obligations the Borrower issues under its Master Trust Indenture.
Structure:	The tax-exempt fixed rate Bonds will be sold in a public underwriting by Bank of America Merrill Lynch. The Series 2008B-1 Bonds will be a bank direct purchase by JP Morgan. The Series 2009A Bonds will be a bank direct purchase by Bank of America Merrill Lynch.
Interest Rate:	To be determined the day of pricing.
Interest Mode:	Fixed Rate
Credit Enhancement:	None
Maturity:	Bonds will mature no later than 2056.
Rating:	Current ratings for Edward Hospital are 'A' stable and 'A+' stable from S&P and Fitch, respectively. Current ratings for Elmhurst are 'Baa2' and 'BBB' from Moody's and Fitch, respectively.
Estimated Closing Date:	November 14, 2016

PROJECT SUMMARY

Bond proceeds will be used by **Edward-Elmhurst Healthcare** (“the **Borrower**”) to (i) advance refund the Edward Hospital and Health System IFA Series 2008A Bonds, (ii) advance refund Elmhurst Memorial Healthcare IFA Series 2008A Bonds, (iii) current refund Edward Hospital and Health System IFA Series 2008B-1 with a direct purchase by JP Morgan, (iv) current refund Edward Hospital and Health System IFA Series 2009A with a direct purchase by Bank of America Merrill Lynch, (v) reimburse prior capital expenditures and new money uses, and (vi) to pay for cost of issuance.

BUSINESS SUMMARY

Edward-Elmhurst Healthcare, a nonprofit Illinois corporation is the parent corporation of the EEH System. On July 1, 2013, Edward Health Services Corporation (“EHSC”), a nonprofit healthcare system located in Naperville, Illinois combined with Elmhurst Memorial Healthcare (“EMHC”), a nonprofit healthcare system located in Elmhurst, Illinois. At that time EHSC, renamed Edward-Elmhurst Healthcare (“EEH”), became the sole member of EMHC. The combination created the EEH System (“EEH System”), an integrated health system including three hospitals – Edward Hospital (“EH”), Elmhurst Memorial Hospital (“EMH”) and Naperville Psychiatric Ventures d/b/a Linden Oaks Hospital (“LOH”) and other affiliated corporations.

Edward Hospital. Located at 801 S. Washington Street in Naperville, Illinois, EH is a 354-bed acute care facility that provides a full range of inpatient and outpatient diagnostic and treatment services. It was the first hospital in Illinois to offer all private rooms, and it was the first hospital in Illinois to open a medically-based fitness center, which is located on its Naperville campus. EH owns two four-story medical office buildings (“MOBs”) adjacent to the hospital. In 2005, Edward opened a comprehensive outpatient cancer center adjacent to the hospital and MOBs, which offers infusion, radiation therapy, PET/CT, and various cancer support services.

Elmhurst Memorial Hospital. Originally located on Berteau Road near downtown Elmhurst, the hospital moved its operations to 155 East Brush Hill Road, 3 miles south of its original location. A 259-bed replacement hospital opened in June 2011. In addition to EMH the Brush Hill campus includes William G. Parillo the Center for Health, a 183,000 square foot comprehensive outpatient center which is connected to EMH. The Center for Health houses a full range of programs, including an outpatient surgery center, outpatient clinics (e.g., wound, pain, diabetes, and weight loss), chronic disease clinics (e.g. Heart Failure, Atrial Fibrillation, Chronic Obstructive Pulmonary Disease and Pneumonia), outpatient radiology and ancillary testing, rehabilitation, lab services, and physician practices. In November 2013, the Nancy W. Knowles Cancer Center opened adjacent to the Center for Health which offers infusion, radiation therapy, PET/CT, Cyberknife, and various cancer support services.

EMH was designed focusing on patient centered care and a healing environment. All patient rooms are private and most are equipped with ceiling mounted lifts. All rooms have been standardized and are same sided to promote staff and physician efficiency. The facility has consistently been selected by Soliant Health as one of the most beautiful hospitals in the United States.

In March of 2012 construction was completed on a 50,000 square foot, four-story medical office building connected to EMH on the west side of the campus (the “West MOB”). The West MOB was developed by a real estate developer pursuant to a ground lease with EMHC.

Linden Oaks Hospital. LOH is an 85,000 square foot, 108 inpatient bed facility located on EH’s Naperville, campus, with four additional outpatient locations offering partial hospitalization and intensive outpatient programs located in Naperville, Plainfield, Hinsdale and St. Charles. LOH services adolescents, adults, and older adults suffering from mental illness and substance abuse. LOH has been accredited by the Joint Commission with a Gold Seal of Approval for Depression, Anxiety, Eating Disorders, Bi-Polar, Chemical Dependency, Dementia and Self-Injury. LOH employs interdisciplinary teams ranging from psychiatrists, advanced practice clinicians, nurses, therapists, and support staff.

ECONOMIC DISCLOSURE STATEMENT

Applicant: Edward-Elmhurst Health
801 West Washington
Naperville, IL 60566

Contact: Vince Pryor, Chief Financial Officer

Website: www.eehealth.org

Borrower: Edward-Elmhurst Health

Board Members: EEH System Board Members:

Ron Schubel, Chair*
Dave Atchison, Vice Chair
Joe Beatty
David Brueggen
Sean Chou (as of September 28, 2016)
Pam Davis
Joe DePaulo
Brian Hagen
Tom Kloet (until September 28, 2016)
Mary Kay Ladone
Rocco Martino
Ron Nyberg
Robert ("Bob") Platt
Tim Rivelli

PROFESSIONAL & FINANCIAL

Borrower's Counsel:	Timothy G. Lawler, Ltd.	Hinsdale	Tim Lawler
Bond Counsel:	Chapman and Cutler LLP	Chicago	Mike Mitchell
Financial Advisor:	Kaufman Hall & Assoc.	Skokie	Terri Wareham
Underwriter:	Bank of America Merrill Lynch	Chicago	Ken Vallrugo
Underwriter Counsel:	Dentons	Chicago	Mary Wilson
Banks:	JP Morgan	Chicago	Candace Richmond
	Bank of America Merrill Lynch	Chicago	Ted Saul
Bank(s) Counsel:	Nixon Peabody LLP	Chicago	Julie Seymour
IFA Counsel:	Katten Muchin Rosenman LLP	Chicago	Chad Doobay
IFA Financial Advisor:	Sycamore Advisors LLC	Indianapolis	Diana Hamilton
			Courtney Tobin

LEGISLATIVE DISTRICTS (Edward Hospital, Naperville, IL)

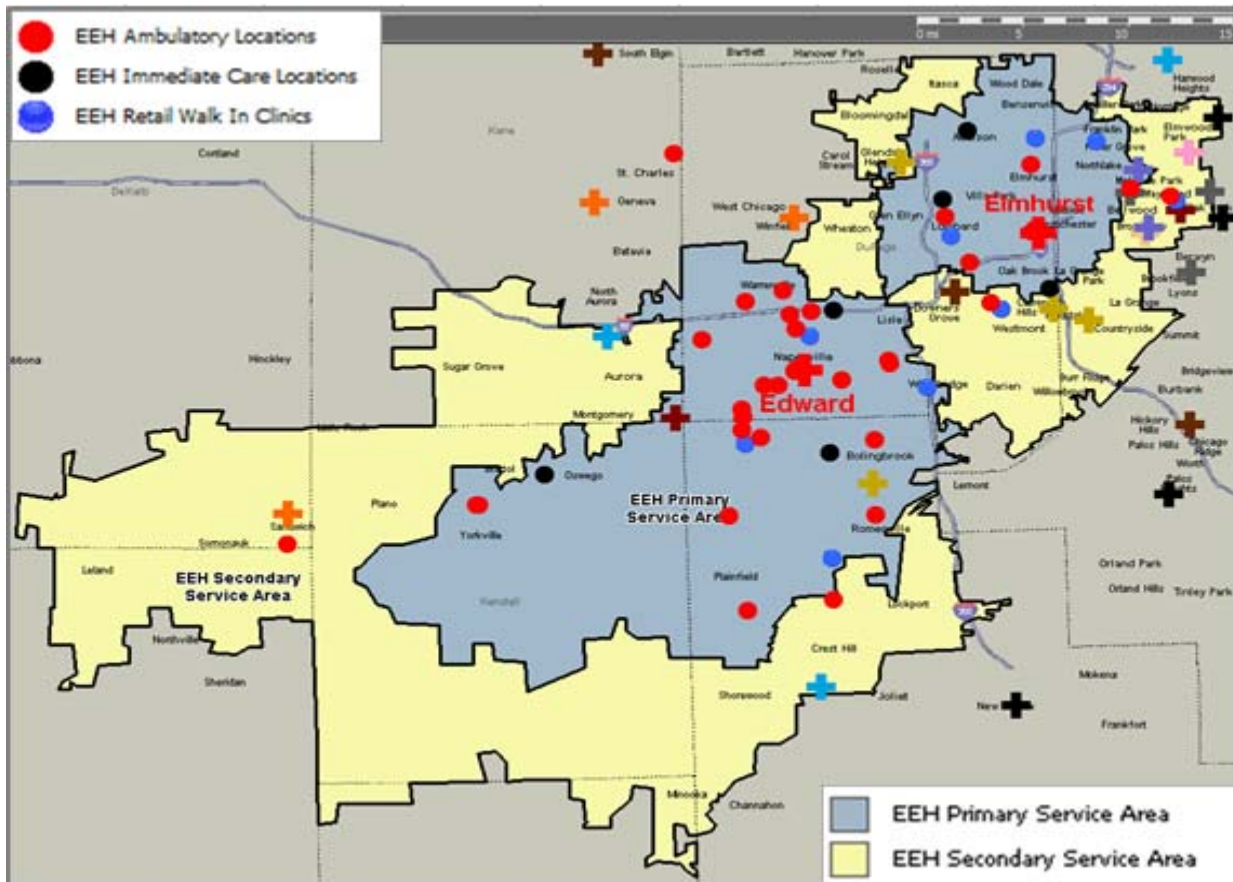
Congressional: 11
State Senate: 21
State House: 41

LEGISLATIVE DISTRICTS (Elmhurst Hospital, Elmhurst, IL)

Congressional: 5
State Senate: 24
State House: 47

SERVICE AREA

The EEH System services a population of nearly 2.0 million residents from DuPage, Will, and Cook counties, with additional representation from Kane and Kendall counties. The EEH System's Primary Service Area (PSA) – the area from which EH, EMH, and LOH draw roughly seventy-five percent (75%) of inpatient (IP) admissions – stretches approximately 42 miles from Yorkville to Bensenville. EEH's three hospitals are all located in DuPage County, with EH located approximately 17 miles east of EH and LOH (which are located on the same campus). The service area map below illustrates the geographic footprint of the EEH System.



IFA RESOLUTION NO. 2016-1013-AD__

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDED INTERGOVERNMENTAL AGREEMENT WITH CERTAIN STATE AGENCIES TO IMPLEMENT AN ENERGY EFFICIENCY PROGRAM INCLUDING CAPITAL IMPROVEMENTS ON DHS FACILITIES TO AMELIORATE POTENTIAL HEALTH AND LIFE SAFETY ISSUES; AND OTHER MATTERS RELATED THERETO

WHEREAS, the Illinois Finance Authority (the “Authority”) has been created by, and exists under, the Illinois Finance Authority Act, as amended (20 ILCS 3501/801-1 *et seq.*) (the “Act”); and

WHEREAS, Article 7, Section 10(a) of the 1970 Constitution of Illinois and the Intergovernmental Cooperation Act, (5 ILCS 220/1 *et seq.*, as amended), authorize “public agencies” to contract with other “public agencies” to perform any governmental service, activity or undertaking which any of the public agencies entering into the contract is authorized by law to perform; and

WHEREAS, in 2011, the State of Illinois asked the Authority to use existing Authority contracts or otherwise procure certain construction and maintenance-related services in connection with undertaking certain energy conservation projects at State owned facilities (the “Projects”), including but not limited to roofing and other building envelope work at residential facilities owned and operated by the Department of Human Services (“DHS”); and

WHEREAS, the costs of the Projects were to be financed through energy savings under performance-based contracts or by State appropriations identified by the Governor’s Office of Management and Budget (“GOMB”); and

WHEREAS, GOMB, the Department of Central Management Services (“CMS”), the Department of Commerce and Economic Opportunity (“DCEO”), the Capital Development Board (“CDB”) and the Authority (collectively, the “Parties”) entered into an Intergovernmental Agreement dated June 11, 2012, as amended by a First Amendment dated as of April 17, 2014 which added DHS (collectively, the “Existing Intergovernmental Agreement”), to cooperate with one another in furtherance of the Projects; and

WHEREAS, in connection with and in accordance with their respective obligations outlined in the Existing Intergovernmental Agreement, the Authority and CMS entered into a Guaranteed Energy Services Agreement dated December 8, 2014 with Ameresco, Inc. for work on the Projects (the “Contract”) with funds to pay for the Projects identified by GOMB and not Authority locally-held funds; and

WHEREAS, due to the State budget issues in Fiscal Year 2015 and the Fiscal Year 2016 budget impasse, work on the Projects under the Contract was halted on August 11, 2015 by CMS.; and

WHEREAS, GOMB recently identified appropriations in the Fiscal Year 2017 budget to fund certain of the Projects, which will pay for a revised scope and budget of work under the Contract at certain residential facilities owned and operated by DHS; and

WHEREAS, State appropriations, not locally-held Authority funds, will pay for work on the Projects; and

WHEREAS, DHS has represented that work on the Projects under a revised scope and budget of the Contract are necessary to ameliorate potential health and life safety issues; and

WHEREAS, the Executive Director of the Authority seeks approval to negotiate with the other Parties and other appropriate State agencies the terms of a further amendment to the Existing Intergovernmental Agreement as may be necessary or desirable to fulfill the public purposes of the Contract and the Projects within the parameters set forth herein; and

NOW, THEREFORE, Be It Resolved by the members of the Illinois Finance Authority, as follows:

Section 1. Recitals. The recitals set forth above are hereby found to be true and correct and are incorporated into this Resolution as if fully set forth herein.

Section 2. Approval to Enter Into Negotiations with other Parties on Terms of Amended Intergovernmental Agreement. The Executive Director of the Authority or his designee is authorized to take all actions, reasonable and necessary, to negotiate terms of an Amended Intergovernmental Agreement (which may be an amendment to, or an amendment and restatement of, the Existing Intergovernmental Agreement) with the other Parties and any other appropriate State agencies as deemed appropriate by the Executive Director or his designee, all as may be necessary to provide for the construction of any one or more of the Projects as provided for in the Existing Intergovernmental Agreement and the Contract.

Section 3. Delegation to the Executive Director. The Authority hereby delegates to the Executive Director of the Authority, in conjunction with the other officers of the Authority, the power to take or cause to be taken any and all actions, and to execute, acknowledge and deliver any and all such agreements, instruments, certificates and other documents as may be required in connection with the matters set forth in Section 2 of this Resolution above.

Section 4. Further Actions. The Executive Director is hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all documents as may in his discretion be deemed necessary or desirable to carry out and comply with the terms and provisions of this Resolution; and all of the acts and doings of the Executive Director of the Authority which are in conformity with the intent and purpose of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects, ratified, confirmed and approved. All prior and future acts and doing of the officers, agents and employees of the Authority that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and performance of the Resolution shall be and the same hereby are in all respects approved and confirmed.

Section 5. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of the Resolution.

Section 6. Conflicts. That all resolutions and orders, or parts thereof, in conflict herewith are hereby superseded to the extent of such conflict.

Section 7. Immediate Effect. That this Resolution shall be in full force and effect immediately upon its passage, as by law provided.

Approved and effective this 13th day of October, 2016 by roll call vote as follows:

Yeas:

Nays:

Abstain:

Absent:

Vacancies:

ILLINOIS FINANCE AUTHORITY

By _____
Executive Director

ATTEST:

Assistant Secretary

[SEAL]